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LINDQUIST & VENNUM LLP
4200 IDS CENTER
80 SOUTH EIGHTH STREET
MINNEAPOLIS, MN 55402

Check

Total: $10.00

Description	Amount	Quantity
Bond Information Statement	$10.00	1

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RECEIVED
FEB 19 2016
S.D. SEC. OF STATE

BOND INFORMATION STATEMENT
State of South Dakota
SDCL 6-8B-19

Return: Secretary of State
State Capitol
500 E. Capitol
Pierre, SD 57501-5077

FILING FEE: $10.00

Every public body, authority, or agency issuing any general obligation, revenue, improvements, industrial revenue, special assessment, or other bonds of any type shall file with the Secretary of State a bond information statement concerning each issue of bonds.

1. Name of issuer: Pennington County

2. Designation of issue: $9,645,000 Certificates of Participation (Limited Tax General Obligation), Series 2016A Evidencing Proportionate Interests of the Owners in a Lease-Purchase Agreement between U.S. Bank National Association and Pennington County, South Dakota

3. Date of issue: February 16, 2016

4. Purpose of issue: (i) to construct, remodel and equip the existing County Court House; renovate and equip the existing Public Safety Building; construct and equip an addition to the existing Jail and renovate and equip the existing Jail; acquire land and construct or remodel and equip one or more buildings for Health and Human Services and various alcohol treatment programs; construct and equip a highway office, shop and fueling station; acquire land, construct and equip a vehicle maintenance shop and dispatch radio shop; construct, renovate and equip one or more buildings on the County Fairgrounds; acquire land, construct and equip a building and grounds maintenance shop and cold storage building; acquire land and construct parking facilities for County purposes; and construct and equip a weed and pest storage building (the "2016A Project") and (ii) to pay the cost of issuance of the Series 2016A Certificates

5. Type of bond: Certificates of Participation Evidencing Proportionate Interests of the Owners in a Lease-Purchase Agreement between U.S. Bank National Association and Pennington County, South Dakota

6.	Principal amount and denomination of bond:	Series 2016A $9,645,000 in denominations of $5,000 or any integral multiple thereof,
7.	Paying dates of principal and interest:	See attached Official Statement
8.	Amortization schedule:	See attached Official Statement
9.	Interest rate or rates, including total aggregate interest cost:	See attached Official Statement

This is to certify that the above information pertaining to Pennington County is true and correct on this 16th day of February, 2016.

LINDQUIST & VENNUM LLP,
as Bond Counsel

By: Elizabeth Aby

For further information regarding the enclosed filing, contact Elizabeth G. Aby, Lindquist & Vennum LLP, 4200 IDS Center, 80 S. Eighth Street. Minneapolis, Minnesota (612-371-3535).

LINDQUIST

Minneapolis • Denver • Sioux Falls

Debera A. Heimerl
Legal Administrative Assistant
(612) 371-2490
dheimerl@lindquist.com
www.lindquist.com

Lindquist & Vennum LLP
80 South Eighth Street
4200 IDS Center
Minneapolis, MN 55402-2100
Phone: (612) 371-3211
Fax: (612) 371-3207

February 17, 2016

RECEIVED
FEB 19 2016
S.D. SEC. OF STATE

South Dakota Secretary of State
State Capitol, Suite 204
Business Division-Bond
Information Statement Filing
500 East Capitol
Pierre, SD 57501-5070

Re: $9,645,000 Certificates of Participation (Limited Tax General Obligation) Evidencing Proportionate Interests of the Owners in a Lease-Purchase Agreement between U.S. Bank National Association and Pennington County, South Dakota, Series 2016A

Dear Filing Officer:

Enclosed for filing is a Bond Information Statement in connection with the above-referenced transaction, together with a check for the $10.00 filing fee. A copy of the Official Statement is also enclosed for your reference.

Please return acknowledgement of filing at your earliest opportunity. If you have any questions, please call me at (612) 371-2490.

Very truly yours,

Debera A. Heimerl
Legal Administrative Assistant

/dh
Enclosures

NEW ISSUE

RATING: Moody's "Aa2"
See "RATING" herein

In the opinion of Lindquist & Vennum LLP, Bond Counsel, according to federal laws, regulations, rulings and decisions in effect on the date of issuance of the Series 2016A Certificates, the interest to be paid on the Series 2016A Certificates is not includable in gross income for federal income tax purposes except under certain conditions. Interest paid on Series 2016A Certificates is not an item of tax preference includable for purposes of computing the alternative minimum tax applicable to all taxpayers, including individuals, under the Internal Revenue Code of 1986 (the "Code"), however, interest paid on the Series 2016A Certificates is not includable in adjusted current earnings in determining the alternative minimum taxable income of corporations for purposes of the federal alternative minimum tax. Interest on the Series 2016A Certificates is includable in gross income for South Dakota income tax purposes when the owner is a financial institution as defined in South Dakota Codified Laws, Chapter 10-43. The Lease Payments relating to the Series 2016A Certificates are deemed to be "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS," herein.

$9,645,000

Certificates of Participation, Series 2016A
(Limited Tax General Obligation)
Evidencing Proportionate Interests of the Owners
in a Lease-Purchase Agreement between
U.S. BANK NATIONAL ASSOCIATION
and
PENNINGTON COUNTY, SOUTH DAKOTA

Dated: Date of Issuance **Due: December 1, as shown on inside cover**

The Certificates of Participation, Series 2016A, (the "Series 2016A Certificates") are being issued (i) to construct, remodel and equip the existing County Court House; renovate and equip the existing Public Safety Building; construct and equip an addition to the existing Jail and renovate and equip the existing Jail; acquire land and construct or remodel and equip one or more buildings for Health and Human Services and various alcohol treatment programs; construct and equip a highway office, shop and fueling station; acquire land, construct and equip a vehicle maintenance shop and dispatch radio shop; construct, renovate and equip one or more buildings on the County Fairgrounds; acquire land, construct and equip a building and grounds maintenance shop and cold storage building; acquire land and construct parking facilities for County purposes; and construct and equip a weed and pest storage building (the "2016A Project") and (ii) to pay the cost of issuance of the Series 2016A Certificates. The Series 2016A Certificates represent proportionate interests in lease payments (the "Lease Payments") made under a Lease-Purchase Agreement, dated as of March 1, 2003, as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008, the Second Amendment to the Lease-Purchase Agreement, dated as of December 1, 2010, the Third Amendment to the Lease-Purchase Agreement, dated as of October 1, 2011, the Fourth Amendment to the Lease-Purchase Agreement, dated as of July 1, 2014, the Fifth Amendment to the Lease-Purchase Agreement, dated as of October 1, 2015 and the Sixth Amendment to the Lease-Purchase Agreement, dated as of February 1, 2016 (collectively, the "Lease"), pursuant to which Pennington County, South Dakota (the "County"), as lessee, is leasing the Land and Facilities from U.S. Bank National Association (the "Trustee"), as lessor. The Series 2016A Certificates are issued pursuant to a Declaration of Trust, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust, dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust dated as of October 1, 2015 and the Sixth Supplemental Declaration of Trust dated as of February 1, 2016 (collectively, the "Trust Agreement") by the Trustee, and joined in by the County.

The Series 2016A Certificates are subject to redemption prior to maturity as described herein.

The County has agreed to levy a tax annually which is intended to provide the Trustee with sufficient revenue to make all Lease Payments under the Trust Agreement as they become due.

The Series 2016A Certificates are issuable in fully registered form and will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016A Certificates. Purchases of beneficial ownership interests in the Series 2016A Certificates will be made in book-entry form only, in principal amounts of $5,000 or whole multiples thereof. Beneficial owners of the Series 2016A Certificates will not receive certificates evidencing their ownership interests in the Series 2016A Certificates. So long as DTC or its nominee is the registered owner of the Series 2016A Certificates, payments of principal, redemption price and interest will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to beneficial owners is the responsibility of the DTC participants.

Interest due with respect to the Series 2016A Certificates is payable semiannually on June 1 and December 1 of each year commencing December 1, 2016. The Series 2016A Certificates mature on December 1, as shown on the inside front cover.

The Series 2016A Certificates are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, subject to delivery to and acceptance by the Underwriter, and subject to certain other conditions, including an opinion of Lindquist & Vennum LLP, Minneapolis, Minnesota, Bond Counsel, as to legality and tax exemption. Certain legal matters will be passed upon for the County by Jay Alderman, Esq., Deputy State's Attorney.

Delivery of the Series 2016A Certificates offered hereby will be made on or about February 16, 2016, against payment therefor by the Underwriter.

DOUGHERTY & COMPANY LLC

The date of this Official Statement is February 3, 2016

MATURITY SCHEDULE

Maturity Date	Principal Amount	Interest Rate	Yield	Price	CUSIP**
12/01/2017	$ 220,000	1.000%	0.750%	100.443%	708292 GS0
12/01/2018	220,000	2.000	1.000	102.745	708292 GT8
12/01/2019	555,000	1.050	1.050	100.000	708292 GU5
12/01/2020	560,000	1.200	1.200	100.000	708292 GV3
12/01/2021	570,000	1.300	1.300	100.000	708292 GW1
12/01/2022	575,000	2.000	1.500	103.216	708292 GX9
12/01/2023	590,000	1.650	1.650	100.000	708292 GY7
12/01/2024	600,000	2.000	1.800	101.446	708292 GZ4
12/01/2025	610,000	3.000	2.100	106.435	708292 HA8
12/01/2026	630,000	3.000	2.200	105.697	708292 HB6
12/01/2027	645,000	3.000	2.300	104.965	708292 HC4
12/01/2028	665,000	4.000	2.350	111.682	708292 HD2
12/01/2029	695,000	4.000	2.450	110.930	708292 HE0
12/01/2030	720,000	4.000	2.550	110.184	708292 HF7
12/01/2031	750,000	3.000	3.080	99.000	708292 HG5
12/01/2032	770,000	3.100	3.177	99.000	708292 HH3
12/01/2033	270,000	3.150	3.250	98.653	708292 HJ9

** CUSIP ® is a registered trademark of the American Bankers Association. The CUSIP numbers are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the County nor the Underwriter takes any responsibility for the accuracy of such CUSIP Numbers.

This Official Statement does not constitute an offer to sell the Series 2016A Certificates in any state or other jurisdiction to any person whom it is unlawful to make such offer in such state or jurisdiction. No dealer, salesman, or any person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Series 2016A Certificates, and if given or made, such information or representation must not be relied upon.

The information set forth herein has been obtained from the County, DTC, and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the County or anyone acting on its behalf. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Series 2016A Certificates shall, except as specifically stated herein, create any implication that there has been no change in the affairs of the County since the date of this Official Statement.

Any CUSIP numbers for the Series 2016A Certificates included in this Official Statement are provided for the convenience of the owners and prospective investors. The County is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2016A Certificates or as set forth in this Official Statement.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION OF THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET' OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

THE SERIES 2016A CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SECTION 3(A)(2) OF SUCH ACT.

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OFFICIAL STATEMENT

$9,645,000

Certificates of Participation, Series 2016A
(Limited Tax General Obligation)

Evidencing Proportionate Interests of the Owners
in a Lease-Purchase Agreement between
U.S. BANK NATIONAL ASSOCIATION
and
PENNINGTON COUNTY, SOUTH DAKOTA

INTRODUCTION

Definitions

Certain terms used in this Official Statement are defined in Appendix A hereto.

General Description

The purpose of this Official Statement, including the cover pages and Appendices hereto, is to provide information in connection with the offering, sale and delivery of $9,645,000 aggregate principal amount of the Certificates of Participation Series 2016A, (the "Series 2016A Certificates"). The Series 2016A Certificates represent the undivided ownership interest of the Owner thereof in and to the Lease-Purchase Agreement, dated as of March 1, 2003, as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008, the Second Amendment to the Lease-Purchase Agreement, dated as of December 1, 2010, the Third Amendment to the Lease-Purchase Agreement, dated as of October 1, 2011, the Fourth Amendment to the Lease-Purchase Agreement, dated as of July 1, 2014, the Fifth Amendment to the Lease-Purchase Agreement, dated as of October 1, 2015 and the Sixth Amendment to the Lease-Purchase Agreement, dated as of February 1, 2016 (collectively, the "Lease"), by and between the Trustee as lessor and the County as lessee, and the right to receive certain revenue thereunder, including, without limitation, the Lease Payments due under the Lease, at the times, in the manner and from the sources specified therein.

The Trustee has issued the Series 2016A Certificates pursuant to a Declaration of Trust, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust, dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust dated as of October 1, 2015 and the Sixth Supplemental Declaration of Trust dated as of February 1, 2016 (collectively, the "Trust Agreement"). The Trustee's interest in the Lease and in the Facilities (as defined in the Trust Agreement), including the right to receive Lease Payments, has been assigned to the Trustee for the benefit of the Owners of the Series 2016A Certificates pursuant to the terms of the Trust Agreement. Pursuant to the Lease, the County will remit such Lease Payments directly to the Trustee. The Lease Payments are payable by the County as described in "LEASE-PURCHASE AGREEMENT—Lease Term and Payments."

Pursuant to the Ground Lease, dated as of March 1, 2003, as amended and supplemented by the First Amendment to the Ground Lease, dated December 1, 2010, the Second Amendment to the Ground Lease, dated October 1, 2015 and the Third Amendment to the Ground Lease, dated as of February 1, 2016 (the "Ground Lease"), the Trustee leased the Land from the County for a term ending on December 1, 2043, automatically extendable for an additional 10-year term if the Series 2003 Certificates, the Series 2008 Certificates, the Series 2010 Certificates, the Series 2011 Certificates, the Series 2014A Certificates, the Series 2015A Certificates or the Series 2016A Certificates have not been paid.

THE CERTIFICATES OF PARTICIPATION

General Provisions

The Series 2016A Certificates will be authenticated and issued by the Trustee pursuant to the Trust Agreement. The Series 2016A Certificates will be initially dated the date of issuance and will mature as shown on the inside cover page hereof. Interest on the Series 2016A Certificates is payable on each June 1, and December 1, commencing December 1, 2016. The Series 2016A Certificates are issuable in denominations of $5,000. Each Series 2016A Certificate evidences the Owner's right to receive distributions of a portion of the Lease Payments payable by the County pursuant to the Lease.

Principal, redemption price and interest will be payable to the beneficial owners of the Series 2016A Certificates through the facilities of DTC for so long as the book-entry system is in effect. See "BOOK-ENTRY ONLY SYSTEM" Appendix E. In the event that the book-entry system is discontinued for the Series 2016A Certificates: (1) the principal and redemption price of the Series 2016A Certificates will be payable at the principal corporate office of the Trustee in Saint Paul, Minnesota; and (ii) interest will be payable by check or draft of the Trustee mailed on the Interest Payment Date to the persons who were registered owners thereof as of the fifteenth day of the month preceding the Interest Payment Date. If any payment of interest or principal is due on a day that is not a business day, payment is required to be made on the next succeeding business day with the same effect as if paid when otherwise due.

Series 2016A Certificates may be transferred or exchanged upon surrender at the principal corporate office of the Trustee, in the manner provided in the Trust Agreement.

Redemption

Extraordinary Redemption. The Series 2016A Certificates are subject to redemption, in whole, but not in part, on any date for which notice of redemption can be given, at a redemption price equal to their principal amount plus accrued interest, if the County elects, or is required to prepay the Lease Payments upon the occurrence of certain events of damage to, or destruction or condemnation of the Facilities.

Optional Redemption. The Series 2016A Certificates maturing on and after December 1, 2024, are subject to redemption on and after December 1, 2023, in whole on any date or in part on any date, at a price equal to the principal amount thereof to be redeemed, plus interest accrued to the date of redemption.

Selection of Certificates for Redemption. The Series 2016A Certificates shall be called for redemption in whole or in part, and if in part, at the option of the County and in such order as the County shall determine. If less than all the Series 2016A Certificates are to be redeemed, the Trustee will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity and series to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Notice of Redemption. When redemption is authorized or required, the Trustee shall give the Owners of the Series 2016A Certificates to be redeemed notice of the redemption of their Series 2016A Certificates. Such notice shall specify: (a) the series of Series 2016A Certificates to be redeemed; (b) the date of redemption; and (c) the place or places where the redemption will be made. Such notice shall further state that on the specified redemption date interest on the Series 2016A Certificates to be redeemed shall cease to accrue and be payable.

Notice of such redemption shall be given not less than thirty (30) days prior to the redemption date by mailing first class, postage prepaid, copies thereof to the Owners whose Series 2016A Certificates are to be redeemed; provided that notice shall be given to any securities depository in accordance with its operational arrangements. Failure to mail such notice and any defect in such notice shall not affect the validity of the proceedings for the redemption of any Series 2016A Certificate not affected by such failure or defect.

Additional Certificates

Additional Certificates may be issued under and be equally and ratably secured by the Trust Agreement on a parity with the Certificates issued under the Trust Agreement and any other Additional Certificates Outstanding, at any time and from time to time, for any of the following purposes.

To provide funds to pay all or any part of the costs of completing the Project, the total of such costs to be evidenced by a certificate signed by an Authorized Officer of the County.

To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to the Lease.

To provide funds to pay all or any part of the costs of acquisition, construction, furnishing and equipping of additions to the Facilities.

To provide funds for refunding all or any portion of the Certificates of any series issued under the Trust Agreement then Outstanding, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

Before any Additional Certificates shall be issued under the Trust Agreement, the County shall adopt a resolution (i) authorizing or approving the issuance of such Additional Certificates; (ii) authorizing or approving the execution of a Supplemental Trust Agreement for the purpose of issuing such Additional Certificates and fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Certificates are being issued or describing the Certificates to be refunded; and, if required, (iii) authorizing the execution of an amendment to the Lease to provide for Lease Payments at least sufficient to pay amounts representing principal, premium, if any, and interest with respect to the Certificates then to be Outstanding (including the Additional Certificates to be issued) as the same become due.

Except as to any difference in date, maturity, interest rate or redemption provisions, such Additional Certificates shall be on a parity with and shall be entitled to the same benefit and security of the Trust Agreement as the Certificates and any other Additional Certificates Outstanding after the issuance of such Additional Certificates.

Such Additional Certificates shall be executed substantially in the form and manner set forth in the Trust Agreement, upon filing with the Trustee of the following:

(1) An original or certified copy of the resolution adopted by the County Board authorizing or approving the issuance of such Additional Certificates and the execution of such Supplemental Trust Agreement.

(2) An original executed counterpart of the Supplemental Trust Agreement providing for the issuance of such Additional Certificates.

(3) An original executed counterpart of the amendment to the Lease, if required, which amendment shall clearly establish that the County has agreed that the Additional Certificates shall constitute Certificates for the purpose of computing the required Lease Payments.

(4) A request and authorization to the Trustee, on behalf of the County, executed by an Authorized Officer of the County, to execute the Additional Certificates and to deliver them to the Original Purchaser therein identified upon payment of the purchase price thereof to the Trustee.

(5) An opinion of counsel nationally recognized in the area of municipal finance to the effect that the issuance of such Additional Certificates will not result in amounts representing interest payable with respect to any Certificates then Outstanding (including such Additional Certificates) becoming includable in gross income for federal income tax purposes.

(6) In the case of Additional Certificates being issued to refund Outstanding Certificates, such additional documents as shall be reasonably required by the Trustee to evidence that provision has been duly made in accordance with the provisions of the Trust Agreement for the payment of all of the Certificates to be refunded.

(7) Such other Certificates, statements, receipts and documents as the Trustee shall reasonably require for the delivery of such Additional Certificates.

Except as described above, no obligations payable from the sources pledged for payment or security of the Certificates relating to the Trust Agreement, shall be issued on a parity with the Certificates relating to the Trust Agreement, but obligations subordinate to the Certificates relating to the Trust Agreement, may be issued upon the express written direction and consent of the County.

SOURCE AND SECURITY FOR PAYMENTS

Lease Payments

The Lease requires payment of semi-annual Lease Payments by the County, which payments are to be paid directly to the Trustee. The Lease Payments are due from the County on the last Business Day of each May and November.

The Lease is not subject to termination by the County except upon payment or prepayment of the Lease Payments, and the County's obligation to make Lease Payments is absolute and unconditional. The County has covenanted in its Resolution authorizing the Series 2016A Certificates (the "Resolution") that it will budget and appropriate sufficient moneys in each year of the Lease term to pay the Lease Payments when due and to pay any other amounts payable by the County under the Lease. The County further covenants in the Resolution that it will take all actions necessary to provide moneys to make such payments under the Lease, including the levy of such taxes as may be necessary, subject only to the limitations on such levies imposed by South Dakota law. The current and proposed limitations on the County's ability to levy taxes to pay the Lease Payments and other amounts payable under the Lease are discussed below.

Levy Limitations

The tax levy for general purposes by a county in the State cannot exceed twelve dollars ($12.00) per thousand dollars of taxable valuation. In addition to the tax levy for general purposes, a South Dakota county may levy up to $.90 per thousand dollars of taxable valuation for county buildings. South Dakota Codified Laws, Section 10-13-35 provides that the total amount of revenue derived from property taxes for county purposes may increase over the prior year's revenues by the smaller of three percent (3%) or the CPI inflation index and increases in revenues from additions, improvements or changes in the use of real property are permitted, as well as increased revenues resulting from annexations, reorganizations and certain other limited circumstances. South Dakota Codified Laws, Section 10-13-35 also provides that a county may increase its revenues above the revenue limitation to pay principal, interest, and redemption charges on any bonds, which were subject to a referendum and the Series 2016A Certificates do **not** qualify for this increase of revenues by the County.

Under South Dakota Codified Laws, Section 10-13-36, the revenue limitations under South Dakota Codified Laws, Section 10-13-35 may be exceeded by an excess tax levy imposed by a two-thirds vote of the County Commission, subject to a referendum by petition by 5% of the registered voters of the County. ***No increase in the County Consolidated Levy will be necessary for the payment of the Series 2016A Certificates beyond the limitations imposed by South Dakota Codified Laws, Section 10-13-35.*** For 2015 taxes payable in 2016 the County's General Fund Levy will be $4.078, its Building Fund Levy will be $0.668, its Bond Redemption Fund Levy will be $0 and the Agricultural Building Fund Levy will be $0.076 for a County Consolidated Levy of $4.822. The Building Fund Levy cannot exceed $0.90/$1,000 of taxable valuation and the Agricultural Building Fund Levy cannot exceed $0.30/$1000 of taxable valuation.

THE PROJECT

The proceeds of the Series 2016A Certificates will be used along with previously and future issued certificates to construct, remodel and equip the existing County Court House; renovate and equip the existing Public Safety Building; construct and equip an addition to the existing Jail and renovate and equip the existing Jail; acquire land and construct or remodel and equip one or more buildings for Health and Human Services and various alcohol treatment programs; construct and equip a highway office, shop and fueling station; acquire land, construct and equip a vehicle maintenance shop and dispatch radio shop; construct, renovate and equip one or more buildings on the County Fairgrounds; acquire land, construct and equip a building and grounds maintenance shop and cold storage building; acquire land and construct parking facilities for County purposes; and construct and equip a weed and pest storage building as well as paying for costs of issuing the Series 2016A Certificates.

SOURCES AND USES OF FUNDS

The sources and uses of funds. including proceeds of the sale and issuance of the Series 2016A Certificates are expected to be as follows:

Sources

Par Amount of Series 2016A Certificates	$ 9,645,000.00
Reoffering Premium	349,487.15
Total	$ 9,994,487.15

Uses

2016A Construction Account	$ 9,842,537.15
Cost of Issuance, including Underwriter's Discount	151,950.00
Total	$ 9,994,487.15

FUTURE FINANCINGS

Completion of some of the Facilities set forth under "THE PROJECT" will require additional financings as levy limitations allow over the coming years.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2016A CERTIFICATES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2016A CERTIFICATES WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2016A CERTIFICATES. PROSPECTIVE PURCHASERS OF THE SERIES 2016A CERTIFICATES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE COUNTY OR THE UNDERWRITER. PROSPECTIVE INVESTORS ARE ENCOURAGED TO REVIEW CURRENT EMMA FILINGS FOR THE COUNTY AT HTTP://WWW.EMMA.MSRB.ORG/.

Debt Service Source

The Series 2016A Certificates shall be limited general obligations of the County payable as to both principal and interest from a pledge of ad valorem taxes received by the County within the existing levies. While the future ability of the County to meet its obligations under the Bond Resolution is based upon assumptions and business judgments which the County believes are reasonable and appropriate. they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus. no assurance can be given that tax payers will pay their taxes when due. nor that the taxable value of real property will be sufficient to produce tax revenues in amounts sufficient to pay the principal of and interest on the Series 2016A Certificates as they become due.

Legal Matters

Various state and federal laws. regulations and constitutional provisions apply to the obligations created by the Series 2016A Certificates. There is no assurance that there will not be any change in. interpretation of. or addition to such applicable laws. provisions and regulations which would have a material effect. either directly or indirectly. on the County or the taxing authority of the County.

Limitations on Remedies Available to Owners of Series 2016A Certificates

The enforceability of the rights and remedies of the owners of Series 2016A Certificates, and the obligations incurred by the County in issuing the Series 2016A Certificates , could be subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of South Dakota and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2016A Certificates to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Taxation of Interest on the Series 2016A Certificates

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2016A Certificates is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Series 2016A Certificates includable in gross income for federal income tax purposes.

The County has covenanted in the authorizing Resolution and in other documents and certificates to be delivered in connection with the issuance of the Series 2016A Certificates to comply with the provisions of the Code, including those which require the County to take or omit to take certain actions after the issuance of the Series 2016A Certificates. Because the existence and continuation of the excludability of the interest on the Series 2016A Certificates depends upon events occurring after the date of issuance of the Series 2016A Certificates, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the County with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2016A Certificates in the event of noncompliance with such provisions. The failure of the County to comply with the provisions described above may cause the interest on the Series 2016A Certificates to become includable in gross income as of the date of issuance.

Proposed Legislation

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal certificates. The likelihood of adoption of such legislative proposal relating to tax-exempt certificates cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt certificates (including the Series 2016A Certificates). Prospective purchasers of the Series 2016A Certificates should consult their own tax advisors regarding the impact of any such change in law.

Premium on Series 2016A Certificates

The initial offering prices of certain maturities of the Series 2016A Certificates that are subject to optional redemption are in excess of the respective principal amounts thereof. Any person who purchases a Series 2016A Certificate in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2016A Certificates are subject to redemption at par under the various circumstances described under "Redemption – Optional Redemption." Also see, "TAX MATTERS - Original Issue Premium" herein.

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Resolution does not provide for the payment of additional interest or penalty on the Series 2016A Certificates or the mandatory redemption thereof if the interest thereon becomes includable in gross income for

federal income tax purposes. Likewise, the Resolution does not provide for the payment of any additional interest or penalty on the Series 2016A Certificates if the interest thereon becomes subject to income taxation by the State.

Suitability of Investment

The tax exempt feature of the Series 2016A Certificates is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2016A Certificates are an appropriate investment.

Market for the Series 2016A Certificates

Bond Rating. The Series 2016A Certificates have been assigned the financial rating set forth in the section hereof entitled "RATING." There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Series 2016A Certificates.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2016A Certificates. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Series 2016A Certificates as a result of financial condition or market position of brokerdealers, prevailing market conditions, lack of adequate current financial information about the County, or a material adverse change in the financial condition of the County, whether or not the Series 2016A Certificates are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

LEASE

The following is a summary of certain provisions of the Lease. This summary does not purport to be complete, and reference is made to the full text of the Lease for a complete recital of its terms.

Lease Term and Payments

The Lease-Purchase Agreement, dated as of March 1, 2003 (the "Original Lease"), as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008 (the "First Amendment to Lease"), the Second Amendment to Lease-Purchase Agreement, dated as of December 1, 2010 (the "Second Amendment to Lease"), the Third Amendment to Lease-Purchase Agreement, dated as of October 1, 2011 (the "Third Amendment to Lease") and the Fourth Amendment to Lease-Purchase, dated as of July 1, 2014 (the "Fourth Amendment to Lease"), the Fifth Amendment to Lease-Purchase Agreement, dated as of October 1, 2015 (the "Fifth Amendment to Lease") and the Sixth Amendment to Lease-Purchase Agreement, dated as of February 1, 2016 (the "Sixth Amendment to Lease") (collectively, the Original Lease, as amended and supplemented by the First Amendment to Lease, the Second Amendment to Lease, the Third Amendment to Lease, the Fourth Amendment to Lease, the Fifth Amendment to Lease and the Sixth Amendment to Lease is herein referred to as the "Lease") and extends until December 1, 2033. The Lease Payments due under the Sixth Amendment to Lease commence on December 1, 2016 and are payable semiannually thereafter, with the last Lease Payment payable under the Sixth Amendment to Lease due on December 1, 2033.

The Lease shall terminate prior to December 1, 2033, upon the earliest of the following events:

(a) the County elects to exercise its option to deposit with the Trustee cash or securities sufficient to pay or prepay all unpaid Lease Payments when they are due; or

(b) the County elects to exercise its option to prepay all of the Lease Payments.

The Lease is otherwise not terminable by the County, and the County has covenanted to include each year in its annual budget moneys sufficient to pay the Lease Payments and other obligations of the County under the Lease.

Covenants of the County

The County represents, covenants and warrants that: (a) the County is authorized under the Constitution and laws of the State of South Dakota to enter into the Lease and the transactions contemplated therein, and to perform all of its obligations thereunder; (b) the officers of the County executing the Lease have been duly authorized to execute and deliver the Lease and (c) the Facilities will be used during the term of the Lease primarily to carry out the governmental or proprietary purposes of the County and its departments, agencies, institutions, instrumentalities and political subdivisions.

Title to the Land and Facilities; Security

Title to the Land or a leasehold interest in the Land and the Facilities will be held by the Trustee during the term of the Lease, unless the County discharges its obligation to make the Lease Payments pursuant to the Lease, at which time the Trustee will convey title to the County.

Title to the Land and Facilities will also pass to the County upon payment of an amount of cash or securities which are general obligations of the United States sufficient to pay all Lease Payments when due or subject to prepayment.

Maintenance and Repair

The County agrees that at all times during the term of the Lease, the County will, at the County's sole cost and expense, maintain, preserve and keep the Land and Facilities, or part and parcel thereof, in good repair, working order and condition and that the County will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals.

Restrictions on Assignment and Conveyance

The Lease and the Land and Facilities may not be sold, leased, pledged, assigned or otherwise encumbered by the County for any reason. Such restrictions shall not preclude the County from permitting the use of the Land and Facilities by others for public purposes or in furtherance of any governmental or proprietary functions of the County. No such permitted use or lease shall relieve the County of its obligations under the Lease.

Taxes

The County shall pay all property and excise taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Land and Facilities or any part thereof or the Lease Payments, and which become due during the term of the Lease with respect thereto; and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Land and Facilities; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of the Lease as and when the same become due. The County shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate or other similar tax payable by the Trustee, its successors or assigns, unless such tax is made in lieu of or as a substitute for any real estate or other tax upon property.

Insurance

The County shall cause adequate casualty, public liability and property damage insurance in specified amounts (with respect to the casualty insurance, in an amount not less than the full insurable value of the Facilities, but in no event less than the outstanding principal balance of the purchase price to be paid under the Lease) to be carried and maintained with respect to the Land and Facilities and to protect the Trustee from liability in all events.

Indemnification Covenants

As between the Trustee and the County, the County assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Facilities and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of the County, the Trustee or of third parties, and whether such property damage be to the County or the Trustee's property or the property of others, which is proximately caused by the negligent conduct of the County, its officers, employees, agents and lessees, or arising out of the operation, maintenance or use of the Land and Facilities by the County, its officers, employees, agents and lessees. The County assumes responsibility for and agrees to reimburse the Trustee for all liabilities, obligations,

losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against the Trustee or its officers or employees that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part on the foregoing, to the maximum extent permitted by law.

Events of Default and Remedies

The occurrence of one or more of the following events shall constitute an Event of Default under the Lease: (a) failure by the County to pay any Lease Payment or other payment required to be paid under the Lease at the time specified therein; (b) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than the failure to timely pay any Lease Payment or other required payment, for a period of forty-five (45) days after written notice to the County by the Trustee, specifying such failure and requesting that it be remedied, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee has agreed not to withhold unreasonably its consent to an extension of such time if corrective action is instituted by the County within any applicable period and diligently pursued until the default is corrected; or (c) the occurrence of an Act of Bankruptcy.

Upon the occurrence of any Event of Default specified in the Lease, any or all of the following remedies are provided: (a) without terminating the Lease, and subject to the rights of any entity subleasing all or any portion of the Land and Facilities which is not in default under a sublease complying with the Lease, re-enter and take possession of the Land and Facilities and exclude the County and any sublessee in default from using it until the default is cured; or (b) take whatever action at law or in equity may appear necessary or desirable to (i) collect the Lease Payments then due or as they become due, or (ii) enforce performance and observance of any obligation, agreement or covenant of the County under the Lease or the Resolution, including without limitation enforcing the obligations of the County to budget and levy taxes for the payment of the Lease Payments.

Damage, Destruction and Condemnation; Use of Insurance Proceeds

If, while the Lease is in effect, (a) the Facilities, or any portion thereof, are destroyed (in whole or in part) or damaged by fire or other casualty or, (b) title to, or the temporary use of, the Land and Facilities (or any part thereof) or the estate of the County or the Trustee in the Land and Facilities, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body, or any person, firm or corporation acting under governmental authority, the County will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification or improvement of the Land and Facilities.

If the net proceeds of insurance or a condemnation award are insufficient to pay in full the cost of any repair, restoration, modification or improvement to the Land and Facilities, the County either (a) shall complete the work and pay any costs in excess of the amount of the net proceeds of insurance or a condemnation award, or (b) may apply the net proceeds to prepayment of Lease Payments.

Release of Facilities

Facilities purchased with proceeds of the 2016A Certificates may be released from the Lease by the Trustee if (1) the County sells the Facility that is on Land described in the Ground Lease and the proceeds of the sale are deposited in the Lease Payment Account to prepay principal on the Series 2016A Certificates or (2) the Series 2016A Certificates or any Certificates that have refunded the Series 2016A Certificates have been defeased.

TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. This summary does not purport to be complete, and reference is made to the full text of the Trust Agreement for a complete recital of its terms.

General

The Trust Agreement is executed by the Trustee and joined in by the County. The purpose of the Trust Agreement is to provide for the authentication, issuance, payment and redemption of the Certificates issued thereunder and to provide for the creation of a Trust Fund for such Certificates for the purposes hereinafter described.

The Certificates of Participation

The Trustee is authorized upon receipt of a request from the County to issue, authenticate and deliver the Series 2016A Certificates. The Series 2016A Certificates will be issued in the form provided in the Trust Agreement and shall evidence the ownership interest of the Owners of the Series 2016A Certificates in and to the Lease and the Lease Payments to be paid by the County to the Trustee pursuant to the Lease and the Trust Agreement, and all revenues derived from the Lease, any money made available for distribution to the Owners of the Certificates from the subsequent sale, leasing or other disposition of the Land and Facilities as a result of an event of default, and any other moneys required to be paid to the Trustee for the Owners of Certificates.

Funds

The Trust Agreement creates a fund known as the Trust Fund. All moneys and investments held by the Trustee under the Trust Agreement are held for the benefit of the present and future Owners of the Certificates and shall be expended only as provided in the Trust Agreement. Within the Trust Fund, there are created a Lease Payment Account, a Redemption Account and a Construction Account.

The 2016A Construction Account

With respect to Series 2016A Certificates issued to finance improvements to the 2016A Project, the net proceeds of the Series 2016A Certificates shall be deposited in the 2016A Construction Account. The Trustee shall make disbursements from the 2016A Construction Account from time to time, upon County certification, in payment or reimbursement of the costs of constructing the improvements to the Facilities and pay costs of issuance of the Series 2016A Certificates.

Upon completion of all phases of construction, any balance in the 2016A Construction Account shall be transferred to the Lease Payment Account.

The Lease Payment Account

The Trust Agreement establishes a Lease Payment Account into which shall be deposited the amount of any transfer from the 2016A Construction Account, all interest or income received by the Trustee with respect to the Lease or the Land and Facilities.

On each Payment Date, the Trustee shall withdraw from the Lease Payment Account an amount equal to the principal and interest payments due with respect to the Certificates on such Payment Date. Such amount shall be applied to the payment of principal and interest payments due with respect to the Certificates on such Payment Date. The Trustee shall transfer from the Lease Payment Account to the Redemption Account all moneys on hand or received in the Lease Payment Account which are to be used for the redemption of Certificates.

The Redemption Account

The Trustee shall deposit into the Redemption Account all moneys paid to it by the County pursuant to any of the County's prepayment options and, in the event of termination of the Lease as a result of an event of default under the Lease, all net proceeds received from the sale or other disposition of the Land and Facilities. Also, in the event of termination of the Lease as a result of an event of default or the exercise by the County of its option to prepay Installment Payments, the Trustee shall transfer to the Redemption Account all moneys on hand in the Lease Payment Account not required to pay principal and interest due or past due on the Series 2016A Certificates.

All moneys on hand in the Redemption Account which will not be used for the redemption of Series 2016A Certificates within thirty (30) days after the date of deposit of such funds, shall be invested at a yield not exceeding the yield on the Lease, computed in accordance with Section 148 of the Code and regulations promulgated thereunder. However, such funds may be invested at a higher yield if the County obtains and delivers to the Trustee an opinion of an attorney or firm of attorneys nationally recognized as bond counsel stating that the investment of such moneys may be made without restriction as to yield or subject to another yield limitation. Any moneys remaining in the Redemption Account after redemption of all outstanding Series 2016A Certificates shall be paid to the County.

Rights of Trustee

In carrying out its duties and exercising its powers under the Lease, the Trustee shall exercise that degree of care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own business affairs.

The Trustee shall be protected and shall incur no obligation or liability with respect to the payment of Lease Payments by the County or the performance by the County of any of its obligations under the Lease. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee.

The Trust Agreement does not require that the Trustee expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement, or in the exercise of any of its right or powers thereunder. The Trustee shall not be individually liable for any payments to be made under any Certificates, the Trust Agreement or the Lease. The Trustee shall be under no obligation to institute or to take any immediate action, or to enter any appearance or in any way defend any suit in which it may be made a defendant, take any steps in the enforcement of any rights and powers under the Trust Agreement until it shall be indemnified to its satisfaction for any and all costs, expenses, outlays and counsel fees and any other reasonable disbursements and against all liabilities. The Trustee shall be compensated by the County and such compensation shall not be paid from the Lease Payments or any other revenues received pursuant to the Lease or funds held by the Trustee except with respect to amounts expended in connection with the exercise of remedies upon the occurrence of any event of default.

The Trustee may resign, and thereby become discharged from its obligations under the Trust Agreement, by notice in writing given to the Owners of the Certificates. The Trustee may be removed at any time by instrument in writing executed by the Owners of not less than a majority of the aggregate principal amount of the Certificates or by agreement between the County and the Trustee. If at any time the position of Trustee shall become vacant, a majority of the Registered Owners shall appoint a Trustee to fill such vacancy.

Events of Default

Upon the occurrence of any Event of Default under the Lease, the Trustee or the Owners of not less than a majority of the aggregate principal amount of the Certificates then outstanding shall be entitled, upon notice in writing to the County and the Trustee, to enforce the rights and exercise the remedies provided to the Trustee in the Lease, as appropriate.

Amendments to Trust Agreement and Lease

The Trust Agreement and the Lease may be amended in writing by agreement among all of the parties thereto, but, except as provided below no such amendment shall become effective without the prior written consent of two-thirds in aggregate principal amount of the Certificates then Outstanding; provided that no such amendment shall impair the right of any Owner to receive his or her proportionate share of any Lease Payment in accordance with his or her Certificate; provided that amendments required by a Rating Agency as a condition to maintaining the initial rating on the Certificates shall not require consent of Certificate Owners.

The County and the Trustee may, without the consent of or notice to any of the Owners of the Certificates, enter into one or more amendments to the Trust Agreement or the Lease for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission herein or to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make provisions with respect to matters or questions arising thereunder provided such action shall not, in the judgment of the Trustee (with respect to which the Trustee may rely on an opinion of counsel), materially adversely affect the interests of the Owners of the Certificates:

(b) To grant or confer upon the Owners of the Certificates any additional rights, remedies, power or authority that may lawfully be granted or conferred upon them:

(c) To comply with the requirements of any State or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder:

(d) To provide for the appointment of a successor trustee or co-trustee pursuant to the terms hereof:

(e) To permit: (i) if lawful, the issuance of Certificates in book-entry form not evidenced by physical Certificates, or (ii) Certificates in bearer form if, in the opinion of Bond Counsel, such action will not cause the interest component of any Lease Payment to become includable in the gross income of the Owners of the Certificates thereof for federal income tax purposes:

(f) To subject to the Trust Agreement additional revenues, properties or collateral: or

(g) To issue Additional Certificates as provided in the Trust Agreement.

THE GROUND LEASE

The following is a summary of certain provisions of the Ground Lease. This summary does not purport to be complete, and reference is made to the full text of the Ground Lease for a complete recital of its terms.

The County, pursuant to the Ground Lease as amended and supplemented by the First Amendment to the Ground Lease, the Second Amendment to the Ground Lease and the Third Amendment to the Ground Lease has leased the Land from the Trustee for a term commencing on March 1, 2003 and ending on December 1, 2043 (unless the Lease Payments have not been fully paid by that date, in which event, the term of the Ground Lease is automatically extended to December 1, 2053), for the purpose of (i) acquiring and constructing the Facilities on the Land. (ii) maintaining the Facilities, (iii) access, ingress, and egress to the Facilities, and (iv) other purposes as set forth therein.

Land purchased with proceeds of the 2016A Certificates may be released from the Ground Lease by the Trustee if (1) the County sells the Facility that is on Land described in the Ground Lease and the proceeds of the sale are deposited in the Lease Payment Account to prepay principal on the Series 2016A Certificates or (2) the Series 2016A Certificates or any Certificates that have refunded the Series 2016A Certificates have been defeased.

TAX MATTERS

Series 2016A Certificates

In the opinion of Lindquist & Vennum LLP, as Bond Counsel, on the basis of laws in effect on the date of issuance of the Series 2016A Certificates, the interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates is not includible in gross income for federal income tax purposes. The interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates is includible in gross income for South Dakota tax purposes when the recipient is a financial institution as defined in South Dakota Codified Laws, Chapter 10-43. In rendering its opinion, Bond Counsel will rely on certain covenants and representations on the part of the County concerning the nature and cost of the facilities being financed from proceeds of the Series 2016A Certificates and the application and investment of proceeds of the Series 2016A Certificates. Moreover, certain provisions of the Internal Revenue Code of 1986, as amended (the Code), impose continuing requirements that must be met after the issuance of the Series 2016A Certificates in order for interest thereon to be and remain not includible in federal gross income. Noncompliance with such requirements by the County may cause the interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates to be includible in federal gross income, retroactive to the date of issuance of the Series 2016A Certificates, irrespective in some cases of the date on which such noncompliance occurs or is ascertained. No provision has been made for redemption of the Series 2016A Certificates or for an increase in the interest rate on the Series 2016A Certificates in the event that interest on the Series 2016A Certificates becomes includible in federal gross income.

The interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates is not an item of tax preference includible in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers, but is includible in book income or in earnings and profits in determining the alternative minimum taxable income of corporations for purposes of the federal alternative minimum tax. The interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates may be includible in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includible in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to fifteen percent (15%) of the interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates that is received or accrued during the taxable year. Section 86 of the Code requires recipients of certain Social Security and railroad retirement benefits to take into account the interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates in determining the taxability of such benefits. Passive investment income, including the interest component of the Lease Payments to be received by the Owners of the Series 2016A Certificates, may be subject to

federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of its gross receipts is passive investment income.

The Lease and the Series 2016A Certificates are deemed to be "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and financial institutions described in Section 265(b)(3) of the Code may treat the Series 2016A Certificates for purposes of Section 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986. Noncompliance with certain continuing requirements of the Code referred to above, however, may cause the Series 2016A Certificates to lose their status as "qualified tax-exempt obligations" retroactive to the date of issuance of the Series 2016A Certificates.

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal certificates. For example, legislation has been proposed by President Obama that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt certificates cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt certificates (including the Series 2016A Certificates).

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest with respect to the Series 2016A Certificates. Prospective purchasers or owners of the Series 2016A Certificates should consult their tax advisors with respect to collateral tax consequences, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability or the inclusion of Social Security or other retirement payments in taxable income.

Original Issue Discount

The initial public offering price of the Series 2016A Certificates maturing in the years 2031, 2032 and 2033 (the "Discounted Certificates") is less than the principal amount payable thereon at maturity. As a result, the Discounted Certificates will be considered to be issued with original issue discount. The difference between the initial public offering price of each maturity of the Discounted Certificates as set forth on the inside cover page of this Official Statement (assuming it is the first price during the initial offering (the "Issue Price") at which a substantial amount of such maturity is sold to the public), and the principal amount payable at maturity of the Discounted Certificates will be treated as "original issue discount." With respect to a taxpayer who purchases a Discounted Certificate in the initial public offering at the Issue Price and who holds such Discounted Certificate to maturity, the full amount of original issue discount will constitute interest which is not includable in the gross income of the owner of such Discounted Certificate for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Certificate upon maturity.

The original issue discount on each of the Discounted Certificates is treated as accruing daily over the term of such Discounted Certificate on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discounted Certificates, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discounted Certificates. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discounted Certificates (including sale, redemption or payment at maturity). An owner of a Discounted Certificate who disposes of such Discounted Certificate prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discounted Certificate prior to maturity.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discounted Certificate may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation's alternative minimum tax liability and the branch profits tax liability. Corporate owners of any Discounted Certificates should be aware that the accrual of original issue discount in each year may result in an

alternative minimum tax liability or a branch profits tax liability although the owners of such Discounted Certificates will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted Certificates in the initial public offering but at a price different than the Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Certificates.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discounted Certificates. Owners who do not purchase Discounted Certificates in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Certificates.

Owners of Discounted Certificates should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Certificates. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discounted Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Original Issue Premium

The Series 2016A Certificates maturing in the years 2017, 2018, 2022, 2024, 2025, 2026, 2027, 2028, 2029 and 2030 (the "Premium Certificates") are being sold at a price greater than the principal amounts payable on such Series 2016A Certificates at maturity. To the extent that a purchaser of a Premium Certificate acquires a Premium Certificate at a price greater than the principal amount payable at maturity, such excess may be considered "amortizable bond premium" under Section 171 of the Code. In general, any amortizable bond premium with respect to a Premium Certificate must be amortized under the Code. The amount of premium so amortized will reduce the owner's basis in such Premium Certificate for Federal income tax purposes, and such amortized premium is not deductible for Federal income tax purposes. Purchasers should consult their own tax advisors as to the computation and treatment of such amortizable bond premium, including, but not limited to, the calculation of gain or loss upon the sale, redemption, maturity, receipt or payment or other disposition of a Premium Certificate.

The foregoing discussion of the collateral federal tax consequences which may arise from the receipt of interest on the Series 2016A Certificates is not intended to be comprehensive. All prospective purchasers of the Series 2016A Certificates should consult their tax advisors as to the tax consequences of, purchasing or holding the Series 2016A Certificates.

RATING

Moody's Investors Service, Inc. has assigned the Series 2016A Certificates the rating of "Aa2". Such rating reflects only the view of Moody's Investors Service, Inc., and an explanation of the significance of such ratings may be obtained from Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, telephone (212) 553-0300. There is no assurance that this rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's Investors Service, Inc. if in the judgment of Moody's Investors Service Inc., circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2016A Certificates.

UNDERWRITING

The Underwriter will purchase the aggregate principal amount of the Series 2016A Certificates upon their original issuance and delivery at a purchase price of $9,898,037.15 (reflecting an underwriter's discount of $96,450.00 and a reoffering premium of $349,487.15). The Underwriter will purchase all of the Series 2016A Certificates offered hereby if any of the Series 2016A Certificates are purchased.

The Series 2016A Certificates are being offered for sale at the prices set forth on the inside cover page of this Official Statement, which prices may be changed by the Underwriter from time to time without notice. The Series 2016A Certificates may be offered and sold to dealers, and dealers acquiring Series 2016A Certificates for their own account or an account managed by them at prices lower than public offering prices.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12, as amended ("Rule 15c2-12"), of the Securities and Exchange Commission (the "SEC"), the County will covenant and agree in a Continuing Disclosure Agreement for the benefit of the registered holders or beneficial owners from time to time of the Series 2016A Certificates to provide certain financial information and operating data relating to the County by no later than 365 days after the end of each fiscal year, commencing on or before December 31, 2015 (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events, if material (the "Disclosure Covenants"). The Annual Financial Information will be filed by or on behalf of the County to the Municipal Securities Rulemaking Board at its Electronic Municipal Market Access System ("EMMA"). Notices of material events will be filed by or on behalf of the County with EMMA. The County's undertaking to provide ongoing disclosure will be substantially in the form set forth in Appendix D – "CONTINUING DISCLOSURE AGREEMENT."

The previous continuing disclosure documents for the following issues required that the Issuer, not later than 270 days after the end of their calendar year provide the Repository with an Annual Report which consists of the Issuer's providing certain financial information and operating data (Certificates of Participation, Series 2011A; Taxable Certificates of Participation, Series 2010A (RZEDB-Direct Pay to Issuer); Taxable Certificates of Participation, Series 2010B (BABs Direct Pay to Issuer); Certificates of Participation, Series 2010C (Ltd Tax General Obligation). The Issuer unintentionally failed to comply with the previous undertaking to provide disclosure of the 2012 Audit and additional operating information for the above mentioned issues as they relied on their Dissemination Agent to provide the information. The failure has been remedied. Procedures have been set in place to provide timely disclosure for all issues outstanding.

Additionally, the continuing disclosure documents for the Certificates of Participation, Series 2009 (Limited Tax General Obligation) required that the Issuer, not later than 180 days after the end of the calendar year provide the Repository with an Annual Report which consists of the Issuer providing certain financial information and operating data. The Issuer relied on their Dissemination Agent to provide this information in a timely manner. They unintentionally failed to comply, the failure has been remedied and the Dissemination Agent has been made aware of the fact that the Report Date is not 270 days but 180 days. Due to State requirements that each Audit be reviewed by the State Department of Legislative Audit prior to being finalized and a limited number of Auditors the Issuer rarely has the Audit by June 30th.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Continuing Disclosure Agreement. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Series 2016A Certificates in the secondary market. Thus, a failure on the part of the County to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Series 2016A Certificates and their market price.

CERTAIN LEGAL MATTERS

The validity of the Lease and the Series 2016A Certificates and certain other matters will be passed upon by Lindquist & Vennum LLP, Minneapolis, Minnesota. Copies of such opinion will be available at the time of delivery of the Series 2016A Certificates. Certain legal matters will be passed upon for the County by its counsel, Jay Alderman, Esq., Deputy State's Attorney.

LITIGATION AND CLAIMS

There is no litigation of any nature now pending or threatened questioning the organization of the County, the right of its present officials to hold their respective offices, or the right, power and authority of the County to enter into the Lease or to levy and collect taxes for its repayment.

ENFORCEABILITY OF OBLIGATIONS

On the closing date for delivery of the Series 2016A Certificates to the Underwriter thereof, Lindquist & Vennum LLP, Minneapolis, Minnesota, Bond Counsel, will deliver their opinion dated the date of such delivery that the Series 2016A Certificates, the Lease, the Ground Lease and the Trust Agreement are valid and legally binding agreements, enforceable in accordance with their terms, respectively, qualified only to the extent that the

enforceability of the Series 2016A Certificates, the Trust Agreement, the Ground Lease and the Lease may be limited by laws affecting remedies and by bankruptcy or insolvency or other laws affecting creditors' rights generally.

Bond Counsel has not examined nor attempted to examine or verify any of the information or data contained in this Official Statement, and will express no opinion with respect thereto.

MISCELLANEOUS

Any statements made in this Official Statement, including Appendix A, involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the Trust Agreement, the Lease, and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

APPENDIX A –
DEFINITIONS

As used in the Lease. the Trust Agreement and the Ground Lease described herein. the following terms have the meanings indicated below:

Act of Bankruptcy shall mean any of the following events:

(i) The County shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the County or of all or a substantial part of either of their property, (b) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) A proceeding or case shall be commenced, without the application or consent of the County, as the case may be, in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or the composition or adjustment of debts, of the County (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the County or of all or any substantial part of the assets of the County, or (c) similar relief in respect of the County under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case has not been dismissed within sixty (60) days of the filing thereof.

Authorized Newspapers shall mean a financial paper or a newspaper of general circulation in Pennington County, South Dakota.

Authorized Officer when used with respect to the County, shall mean the County Auditor or any other person who is designated in writing by the County Auditor as an Authorized Officer for purposes of the Trust Agreement. The term "Authorized Officer," when used with respect to the Trustee, means any Vice President and/or trust officer who is authorized to take the action in question on behalf of the Trustee.

Certificates means collectively the Series 2003 Certificates, the Series 2008A Certificates, the Series 2010 Certificates, the Series 2011A Certificates, Series 2014A Certificates, the Series 2015A Certificates and the Series 2016A Certificates.

Construction Costs all costs of payment of or reimbursement for, acquisition, renovation, construction, installation and financing of the Facilities, including but not limited to, administrative costs, engineering costs, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, costs of obtaining title insurance or a title opinion, printing costs, reproduction and binding costs, legal fees and charges, professional consultant fees, and charges and fees in connection with the foregoing; if the Certificates are secured by bond insurance or other credit enhancement, then, to the extent permitted by the Code, the initial premium or fee and any premium or fee paid during the construction of the Facilities, for such bond insurance or other credit enhancement shall be treated as part of the Construction Costs.

Cost of Issuance shall mean all fees and expenses incurred by the County in connection with the execution and delivery of the Lease and the issuance of the Certificates, including, but not limited to, costs of preparing and printing the Certificates, the Lease, the Trust Agreement, the Official Statement relating to the Certificates, and related documents: legal fees (including those of counsel to the Trustee, the County and the Underwriter): Rating Agency fees: bond insurance and the Trustee's initial fees.

Facilities shall mean the buildings, structures and improvements now or hereafter located on the Land.

Fifth Amendment to Lease shall mean the Fifth Amendment to Lease-Purchase Agreement, dated as of October 1, 2015, by and between the County and the Trustee.

Fifth Supplemental Declaration of Trust shall mean the Fifth Supplemental Declaration of Trust, dated as of October 1, 2015 by and between the Trustee and joined in by the County.

First Amendment to Lease shall mean the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008, by and between the County and the Trustee.

First Supplemental Declaration of Trust shall mean the First Supplemental Declaration of Trust, dated as of March 1, 2008 by and between the Trustee and joined in by the County.

First Amendment to Ground Lease shall mean the First Amendment to Ground Lease Agreement, dated as of December 1, 2010, between the County and the Trustee.

Fiscal Year shall mean the 12-month fiscal period of the County, which commences on January 1 in every year and ends on December 31 of that year.

Fourth Supplemental Declaration of Trust shall mean the Fourth Supplemental Declaration of Trust, dated as of July 1, 2014, by and between the Trustee and joined in by the County.

Ground Lease shall mean the Ground Lease Agreement, dated as of March 1, 2003, between the County and the Trustee, as amended by the First Amendment to the Ground Lease, dated as of December 1, 2010 and the Second Amendment to the Ground Lease, dated as of October 1, 2015.

Interest shall mean the portion of any Lease Payment designated as and comprising interest as shown on Exhibit B to the Original, Exhibit A to the First Amendment to Lease, Exhibit A to the Second Amendment to Lease, Exhibit A to the Third Amendment to Lease, Exhibit A to the Fourth Amendment to Lease, Exhibit A to the Fifth Amendment to Lease and Exhibit A to the Sixth Amendment to Lease.

Land shall mean the real property described on Exhibit A to the Lease.

Lease shall mean the Lease-Purchase Agreement, dated as of March 1, 2003, as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008 and the Second Amendment to the Lease-Purchase Agreement, dated as of December 1, 2010, the Third Amendment to the Lease-Purchase Agreement, dated as of October 1, 2011 and the Fourth Amendment to the Lease-Purchase Agreement, dated as of July 1, 2014, the Fifth Amendment to the Lease-Purchase Agreement, dated as of October 1, 2015 and the Sixth Amendment to the Lease-Purchase Agreement, dated as of February 1, 2016.

Lease Payment shall mean the payment due from the County to the Trustee on each Payment Date during the term of the Lease, as shown on Exhibit B to the Lease and Exhibit A to the First Amendment to Lease, the Second Amendment to Lease, the Third Amendment to Lease, the Fourth Amendment to Lease, the Fifth Amendment to Lease and the Sixth Amendment to Lease.

Net Proceeds shall mean any insurance proceeds paid with respect to the Facilities remaining after payment therefrom of all expenses incurred in the collection thereof.

Original Lease shall mean the Lease-Purchase Agreement, dated as of March 1, 2003, between the Trustee, as lessor, and the County, as lessee.

Outstanding shall mean the term "Outstanding," when used with reference to the Certificates and as of any particular date, means all Certificates theretofore delivered, except: (a) any Certificate canceled or fully paid by the Trustee at or before said date; (b) any Certificate in lieu of or in substitution for which another Certificate shall have been delivered pursuant to the Trust Agreement; and (c) for the sole purpose of determining the percentage of Certificate Owners consenting to an amendment of the Trust Agreement or authorizing any action by the Trustee or the exercise of any remedy hereunder, any Certificate owned by the County or any of its departments, agencies, institutions, instrumentalities or political subdivisions. For all other purposes, Certificates owned by the County or any such entity which are not described in (a) and (b) shall be treated as Outstanding hereunder.

Owner shall mean the terms "Owner," "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates, mean the registered owner of any Outstanding Certificate.

Payment Date shall mean the last Business Day preceding the end of May and November in each year.

Permitted Investments shall mean to the extent permitted by applicable law:

(a) (1) bonds or interest bearing notes or obligations of the United States or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(2) Securities either directly or indirectly guaranteed by the United States.

(3) Repurchase agreements fully collateralized by securities described in (a)(1) or (2) meeting the requirements of Sections 4-5-6 and 4-5-9 South Dakota Codified Laws.

(4) Shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and whose only investments are in securities described in (a)(1) and (2) and repurchase agreements described in (a)(3).

(5) Time deposits and interest-bearing accounts with any institution constituting a "qualified public depository" under Chapter 4-6A, South Dakota Codified Laws.

(b) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States;

(c) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stocks, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended; bonds of any federal home loan bank established under said Act, obligations of the Federal Home Loan Mortgage Corporation;

(d) direct and general obligations of any state of the United States or any municipality or political subdivision of such state, if such obligations are rated in the highest rate category by Standard & Poor's Corporation or Moody's Investors Service, Inc.;

(e) bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System;

(f) negotiable certificates of deposit issued by a nationally or state chartered bank which are fully insured by the Federal Deposit Insurance Corporation; and

(g) guaranteed investment contracts of financial institutions rated in one of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Service, Inc.

Principal shall mean the portion of any Lease Payment designated as principal in Exhibit B to the Lease.

Principal Office means the principal office of the Trustee situated in St. Paul, Minnesota, or any office so designated by a successor.

Resolution means the resolution adopted by the Board of County Commissioners of the County on January 5, 2016 relating to the issuance of the Series 2016A Certificates.

Second Amendment to Lease shall mean the Second Amendment to Lease-Purchase Agreement, dated as of December 1, 2010, by and between the County and the Trustee.

Second Supplemental Declaration of Trust shall mean the Second Supplemental Declaration of Trust, dated as of December 1, 2010 by and between the Trustee and joined in by the County.

Second Amendment to Ground Lease shall mean the Second Amendment to Ground Lease Agreement, dated as of October 1, 2015, between the County and the Trustee.

Series 2003 Certificates shall mean collectively the Series 2003A and the Series 2003B certificates of participation prepared and delivered by the Trustee pursuant to the Original Trust Agreement

Series 2008A Certificates shall mean the certificates of participation prepared and delivered by the Trustee pursuant to the Original Trust Agreement as supplemented by the First Supplemental Declaration of Trust.

Series 2010 Certificates shall mean collectively Series 2010A, the Series 2010B, and the Series 2010C certificates of participation prepared and delivered by the Trustee pursuant to the Original Trust Agreement as amended and supplemented by the First Supplemental Declaration of Trust, and the Second Supplemental Declaration of Trust.

Sixth Amendment to Lease shall mean the Sixth Amendment to Lease-Purchase Agreement, dated as of February 1, 2016, by and between the County and the Trustee.

Sixth Supplemental Declaration of Trust shall mean the Sixth Supplemental Declaration of Trust, dated as of February 1, 2016 by and between the Trustee and joined in by the County.

Third Amendment to Ground Lease shall mean the Third Amendment to Ground Lease Agreement, dated as of February 1, 2016, between the County and the Trustee.

Third Amendment to Lease shall mean the Third Amendment to Lease-Purchase Agreement, dated as of October 1, 2011, by and between the County and the Trustee.

Third Supplemental Declaration of Trust shall mean the Third Supplemental Declaration of Trust, dated as of October 1, 2011 by and between the Trustee and joined in by the County.

Trust Agreement shall mean the Declaration of Trust, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust dated as of October 1, 2015 and the Sixth Supplemental Declaration of Trust dated as of February 1, 2016, by the Trustee and joined in by the County.

Underwriter shall mean Dougherty & Company LLC and its successors and assigns.

APPENDIX B –
COUNTY INFORMATION

PENNINGTON COUNTY

BOARD MEMBERS JANUARY 5, 2016

Ron Buskerud, Commissioner
George Ferebee, Commissioner
Deb Hadcock, Vice Chair
Lyndell Petersen, Chair
Nancy Trautman, Commissioner

ELECTED OFFICIALS

Julie A. Pearson, Auditor
Donna Mayer, Register of Deeds
Kevin Thom, Sheriff
Mark Vargo, State's Attorney
Janet Sayler, Treasurer

SPECIAL SERVICES

Bond Counsel
Betsey Aby
Lindquist & Vennum LLP
Minneapolis, Minnesota

SUMMARY OF COUNTY INFORMATION

Pennington County is located in Western South Dakota. Rapid City, the County seat, is located on I-90 and U.S. Highways 14 and 16.

A Board of Commissioners consisting of five members elected by districts for 4-year terms governs Pennington County organized in 1877.

Total Taxable Value for 2015 pay 2016 (includes TIDs)	**7,851,383,381**
Direct General Obligation Debt	0
COP Bonds Balance 1-1-16	56,065,000
Lease Purchase Obligations 1-1-16	1,722,430
Population 2010 Census	100,948
Area Square Miles	2,776

Following are population figures for incorporated municipalities in the County according to the U.S. Census:

	1970	1980	1990	2000	2010
Box Elder	607	3,186	2,680	2,841	5,094
Hill City	389	535	650	780	948
Keystone	n/a	295	232	311	337
New Underwood	416	517	553	616	660
Quinn	105	80	72	44	54
Rapid City	43,836	46,692	54,523	59,607	67,956
Wall	786	542	834	818	766
Wasta	127	99	82	75	80

Employers & Pension Plans

Pennington County currently employs 655 employees. The South Dakota Retirement System administered by the State of South Dakota covers employees of Pennington County. Members' contributions and credited interest are 100% vested and may be withdrawn upon termination of employment. The County's total cost of the plan for the year ended December 31, 2015, was $2,035,284.

Class A members include all employees other than public safety. They are required by state statute to contribute 6% of their gross salary. The County by statute is required to match all employee contributions.

Class B members include Public Safety members that are described as deputies and adult & juvenile correctional officers. They are required to contribute 8% of their gross salary. The County by statute is required to match all employee contributions.

Additional information is contained in the "Notes to the Financial Statements" relating to the 2011, 2012, 2013 and 2014 audited financial statements set forth in this appendix to this Official Statement. Information listed for 2015 has not been audited.

Contribution Information	2015	2014	2013	2012	2011
Total Contributions of Employee and Employer	4,070,568	3,850,108	3,862,036	3,738,362	3,629,346
Employer/County Contributions	2,035,284	1,925,054	1,931,018	1,869,181	1,814,673
Percent of Covered Payroll	50%	50%	50%	50%	50%
Employee Contributions	2,035,284	1,925,054	1,931,018	1,869,181	1,814,673
Percent of Covered Payroll	50%	50%	50%	50%	50%

Valuations

All property subject to taxation is assessed annually according to value on the first day of November proceeding the assessment year. The Director of Equalization compiles an assessment roll for each taxing district within the county. Currently assessment rolls are compiled for 6 school districts, 2 water districts, 15 fire districts, 20 civil townships, 8 cities/towns, 9 sanitary districts, 137 road districts, 4 ambulance districts, county library, county fire administration, unorganized road and the county as a whole. The assessment roll or property valuations are reviewed and adjusted for errors and omissions by each municipality and township. Upon completion of local and county boards of equalization, the valuations are factored to an 85% median level of assessment using the preceding year's sales as a benchmark.

The table below represents the factored property value for 2015 pay 2016 taxing purposes and is levied upon by the County Auditor in mil rates or dollars per thousand of value.

Classification of Property	2015 Factored Value
AG Out	149,556,650
OO Out	11,710,505
M Out	324,607
MO Out	895,697
OTH Out	6,488,685
UTILITIES OUT	11,450
AG IN	163,997,640
OO In	4,327,664,399
M In	19,948,893
MO In	38,618,085
OTH In	3,018,663,568
UTILITIES IN	113,503,202
Total All Property	7,851,383,381

For school general fund levying purposes there are three classes of property: agricultural, owner occupied, and other. The general fund levies for school purposes are set in statute annually by the state legislature to compensate for both growth and inflation. Below are tables representing a 5-year history of full and true valuation/taxable values and levied dollars for the county consolidated fund or taxes paid by all taxpayers.

Historical full & true value and taxable values including tax increment values for 5-year History:

Tax Year	Full & True Property Value	Taxable Percentage	Taxable Value Property	Plus Utilities	Total Taxable Value
2015	7,851,383,381	100%	7,737,868,729	113,514,652	7,851,383,381
2014	7,410,739,481	100%	7,300,467,974	110,271,507	7,410,739,481
2013	6,999,990,954	100%	6,999,990,954	108,840,189	7,108,831,143
2012	6,754,354,787	100%	6,754,354,787	104,445,982	6,858,800,769
2011	6,875,898,739	100%	6,875,898,739	106,732,454	6,982,631,193

County Consolidated Tax Dollars Levied 5-year History

Year	County General	County Fair	Accumulated Building	Snow/Emergency	Total
2015	30,198,582	562,798	4,946,702	0	35,708,082
2014	28,715,176	505,006	4,972,902	28,056	34,221,140
2013	30,351,648	494,501	3,969,370		30,846,149
2012	29,645,472	505,402	3,650,700		33,801,574
2011	27,668,365	478,850	3,620,896		31,768,111

The table below is the 15 largest taxpayers for the 2015 pay 2016 tax year.

Property Owner	Type of Business	Factored Value	Percent of Total Taxable Value
SM Rushmore Mall	Retail Mall	28,441,242	0.36%
Stoney Creek Assoc.	Apartment Complex	16,871,820	0.21%
K & K Chevland LLD	Retail Mall	15,148,397	0.19%
Gateway Apartments	Apartment Complex	13,109,040	0.17%
Black Hills Surgery Center	Medical Center	12,952,113	0.16%
Cole Mt Rapid City SD (I) LLC	Retail Mall	12,797,354	0.16%
Rushmore Plaza	Hotel	12,361,079	0.16%
Walmart Real Estate Trust	Retail	11,866,109	0.15%
Harmony Heights Assoc LLP	Apartment Complex	11,496,420	0.15%
Walmart Real Estate	Retail	10,643,725	0.14%
Mountain View LLC	Apartment Complex	10,143,900	0.13%
Rushmore Cedar, LLC	Office Bldg.	10,057,200	0.13%
Sam's Real Estate Business Trust	Retail	9,705,025	0.12%
MFP MidAmerican Shopping Ctr	Retail Mall	9,644,855	0.12%
Regency Midwest Ventures LTD	Hotel	9,546,277	0.12%
Total 15 Parcels		194,784,556	

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and are due and payable in two equal installments first half is due on or before April 30 and second half is due on or before October 31 of each year.

The Pennington County Treasurer is responsible for collection of all taxes that are included on the tax list. Once collected, the County Auditor apportions the money and credits the appropriate fund or other taxing entity. The County Auditor shall remit all collections to the appropriate taxing entity by the 20th of the month following collection.

The table below shows the five-year history of the levies for an owner occupied dwelling in the county seat and largest populated city in the county.

Mill Rates or Dollars per Thousand of Value - 5 year History of the Owner Occupied Levy for the City of Rapid City - 4/D RC

Levy Year	Taxable Percentage	County Consolidated	Rapid City Area School Dist	Water Dist	City of Rapid City	Total Mill Levy
2015	100%	4.822	8.891	0.030	3.278	17.021
2014	100%	4.879	9.217	0.030	3.321	17.447
2013	100%	5.210	9.361	0.031	3.361	17.963
2012	100%	5.210	8.947	0.030	3.344	17.531
2011	100%	4.843	8.931	0.028	3.150	16.952

The table below shows the five-year history of the levies for the County Consolidated Levy. This is the levy paid by all properties within the county.

Mill Rates or Dollars per Thousand of Value - County Consolidated Levy

	Maximum Levy	2015	2014	2013	2012	2011
General Fund	12.000	4.078	4.094	4.542	4.569	4.218
County Fair	0.300	0.076	0.072	0.074	0.078	0.073
Accumulated Building	0.900	0.668	0.709	0.594	0.563	0.552
Snow Emergency Disaster	1.200	0.000	0.004	0.000	0.000	0.000
Total Consolidated Levy	14.400	4.822	4.879	5.210	5.210	4.843

The table below shows the rate of tax collection, indicating collections in the first year and to through, the date indicated.

	Collected in First Year			As of December 31, 2015		
Tax Year	**Original Levied Dollars**	**Amount Collected**	**Percentage**	**Adjusted Levied Dollars**	**Amount Collected**	**Percentage**
2014 pay 2015	28,733,529	28,356,898	98.68%	28,774,505	28,656,927	99.59%
2013 pay 2014	30,373,339	30,321,894	99.83%	30,441,149	30,401,651	99.87%
2012 pay 2013	29,793,347	29,651,843	99.52%	29,780,008	29,765,056	99.94%
2011 pay 2012	27,738,694	27,547,060	99.30%	27,730,116	27,716,056	99.94%
2010 pay 2011	27,850,495	27,622,357	99.18%	27,884,929	27,872,440	99.95%

Debt Limit

The total indebtedness of **Pennington County** may not exceed 5% of the actual assessed value of property within the county. The tables below reflect current indebtedness and debt ratio for Pennington County.

Total Values Including utilities	**7,851,383,381**
Percentage allowed by law	5.00%
Maximum debt limit	392,569,169
Less:	
Direct General Obligation Debt	0
Certificates of Participation	56,065,000
Lease Purchase Obligations	1,722,430
Available Margin	334,781,739

Indirect Debt for the other entities within Pennington County is shown in the following table.

	Indirect Debt – General Obligation		
	% of Districts Taxable 2014 Value within Pennington County	**Debt Outstanding 12/31/2014**	**Dollars Applicable to Pennington County**
Pennington County	100.00%	57,787,430	57,787,430
Municipalities:			
Box Elder	73.57%	11,760,015	8,651,843
Hill City	100.00%	0	0
Keystone	100.00%	1,965,806	1,965,806
New Underwood	100.00%	0	0
Quinn	100.00%	0	0
Rapid City	100.00%	0	0
Wasta	100.00%	0	0

Wall	100.00%	774,486	774,486
School Districts:			
Custer	5.31%	13,395,000	711,275
Douglas	71.64%	0	0
Hill City	100.00%	5,379,108	5,379,108
New Underwood	99.64%	425,000	423,470
Rapid City	94.88%	78,600,000	74,575,680
Wall	99.98%	0	0

Debt Ratios

	Amount	Per Capita	% of Full & True Value
Direct General Obligation Debt	57,787,430	572.45	0.74%
Indirect General Obligation Debt	92,481,668	916.13	1.25%

Basis of Accounting

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Pennington County's records are maintained in accordance with GAAP.

Pennington County is required by state law to be audited annually by the Department of Legislative Audit. Audits have been completed through December 31, 2014. The data in the tables below reflect a 5-year history of revenues, expenditures and fund balances for Pennington County. All years but current have been audited by the State.

Pennington County Revenues - 5 year History

Fund	2015	2014	2013	2012	2011
Accumulated Building - 233	unavailable	5,127,551	5,150,602	4,552,995	4,371,189
Capital Projects - 301		497	16,030	38,112	12,815
County Fair - 212		506,174	514,844	489,807	485,688
County Fire - 211		319,933	279,216	687,671	290,215
Domestic Abuse - 229		42,003	42,009	44,030	42,42
Drug Seizure - 209		60,014	30,012	40,809	37,334
E911 Dispatch - 222		2,502,651	2,407,191	2,248,446	2,070,750
Emergency Management - 226		492,937	413,966	849,947	926,171
General - 101		48,422,518	48,925,161	45,137,206	44,569,664
Hazardous Materials - 227		9,258	5,760	8,980	14,542
Health Care Trust - 603		5,314,007	5,640,648	5,101,780	6,144,488
Library - 208		451,181	444,335	434,496	434,818
Modernization/Pres - 250		55,149	68,721	30,113	

Road & Bridge - 201		8,702,717	7,717,890	7,950,858	6,806,791
Tax Increment Districts		83,456	94,608	70,091	55,067
Title 3 - 216		38,095	49	37,627	48,313
24/7 - 248		431,029	352,319	355,192	317,488
Total		72,559,170	72,103,361	68,078,160	66,585,333

Pennington County Expenditures 5 year History

Fund	2015	2014	2013	2012	2011
Accumulated Building - 233	Unavailable	7,978,806	5,960,801	4,488,491	5,251,112
Capital Projects - 301		8,981,607	9,564,819	8,214,128	1,230,095
County Fair - 212		506,510	505,919	602,192	597,005
County Fire - 211		246,997	198,734	918,892	198,339
Domestic Abuse - 229		41,999	41,997	44,004	42,385
Drug Seizure - 209		53,076	19,401	40,809	67,869
E911 Dispatch - 222		3,349,875	3,453,847	2,763,929	2,576,143
Emergency Management - 226		522,987	747,300	931,792	925,528
General - 101		46,845,639	45,082,024	43,487,842	41,100,457
Hazardous Materials - 227		5,854	3,755	11,442	24,196
Health Care Trust - 603		4,794,039	5,326,072	5,470,255	6,238,153
Library - 208		472,540	458,060	445,969	414,498
Modernization/Pres - 250		55639	34778	19,240	
Road & Bridge - 201		10,356,382	10,559,409	8,560,228	7,701,623
Tax Increment Districts		83,486	94,608	70,091	132,589
Title 3 - 216		0	132,398	613,786	18,929
24/7 - 248		368,274	321,197	406,693	321,197
Total		84,663,710	82,505,119	77,089,783	66,840,118

Year End Fund Balances:

Fund	2015	2014	2013	2012	2011
Accumulated Building - 233	Unavailable	5,783,154	5,174,408	4,370,109	4,305,604
Capital Projects - 301		2,640,096	11,621,704	21,170,493	29,346,509
County Fair - 212		43,246	14,515	5,610	118,009
County Fire - 211		286,743	214,026	153,621	385,227
Domestic Abuse - 229		0	0	0	0

Drug Seizure - 209		17520	10599	0	0
E911 Dispatch - 222		223,201	637,118	641,115	650,148
Emergency Management - 226		256,687	215,478	485,692	522,139
General - 101		14,459,399	15,516,039	14,752,806	15,705,122
Hazardous Materials - 227		7,132	335	1,736	4,205
Health Care Trust - 603		797,288	276,340	77,956	148,187
Library - 208		79,393	100,810	114,665	126,420
Modernization/Pres - 250		44,211	44,734	10,848	0
Road & Bridge - 201		13,284,339	12,552,211	13,354,316	11,834,077
Tax Increment Districts		0	0	161,910	738,465
Title 3 - 216		67,556	29,512		
24/7 - 248		229,058	166,467	135,548	187,376
Total		38,219,023	46,574,296	55,436,425	64,071,488

Population and Area

The total land area of Pennington County is approximately 2,776 square miles. Population figures for Pennington County and Rapid City are given below:

Jurisdiction	1990 US Census	2000 US Census	2010 US Census	2014 Estimate
Pennington County	81,343	88,565	100,948	108,242
Rapid City	54,523	59,607	67,956	70,812

Income and Labor

Income and labor statistics are delineated in the tables below

Income Statistics

	Pennington County		State of South Dakota	
	2014	2013	2014	2013
Median Income Per Household	50,564	50,833	50,338	48,010
Average Earnings per job	37,678	36,625	38,869	35,413

Labor Statistics 5 year History

Year	Pennington County Average Annual Civilian Labor Force	Average Unemployment for Pennington County	Average Unemployment for the State of South Dakota
2015 through October	5,543	3.59%	3.54%
2014	55,721	3.40%	3.40%
2013	55,055	3.80%	3.80%
2012	54,685	4.50%	4.40%
2011	54,819	4.64%	4.65%

The table below shows the employment for Pennington County in comparison to the State of South Dakota.

Employment by Industry

	Pennington County		State of South Dakota	
	2014	**2013**	**2014**	**2013**
Construction	4,510	3,531	21,261	20,474
Education/Health Services	10,404	980	63,120	62,807
Financial Activities	4,130	3,678	29,254	29,312
Government Entity	10,800	7,723	71,812	71,342
Information	928	833	6,056	6,024
Leisure/Hospitality	9,865	8,335	45,420	44,618
Manufacturing	2,955	2,616	42,389	41,518
Mining / Natural Resources	237	141	5,891	5,709
Other Services	2,309	2,057	10,610	10,544
Prof\ Business Services	5,123	4,505	30,246	29,663
Trade, Transportation & Utility	13,293	11,664	84,879	82,640

The major employers are listed below:

Major Employers as of 2014

Employer	Product/Business	Number of Employees
Black Hills Corp	Holdings Company	550
Pennington County	Government	657
SD National Guard	Government	1,025
Wal-Mart/Sam's Club	Retail/Wholesale	1,029
State of South Dakota	Government	1,217
Rapid City School District	Education	1,755
City of Rapid City	Government	2,197
Federal Government	Government	2,912
Regional Health (Hospital)	Health Care	3,602
Ellsworth Air Force Base	Military	4,115

Area Growth and Development

The real estate market in Pennington County is stable with modest growth. Construction of both residential homes and commercial properties is stable, and market demand for both is good. Rapid City is a trade center for the region and the focus of most of the growth and demand in Pennington County. However, demand for rural residential properties within a reasonable drive of Rapid City is also good, and construction of homes on these properties meets that demand. Nothing in the near future is known that would affect the present economy.

Building Permits 5 year History

Year	Residential Permits #	Value	Commercial Permits #	Value
2015	Unavailable			
2014	4,001	76,429,087	1,456	138,495,577
2013	4,330	76,187,810	1,576	168,064,179
2012	1,027	91,563,445	646	121,629,062
2011	1,084	54,209,417	655	186,934,585
2010	182	32,679,324	32	30,141,903

Medical

Rapid City Regional Hospital (Regional Health) is one of Rapid City's largest employers and is the region's major medical referral center. Serving a population base of 320,000, Rapid City Regional Hospital provides advanced health care for Western South Dakota and parts of North Dakota, Montana, Wyoming and Nebraska. Existing services include Cardiovascular Surgery, Cancer Care services, Diagnostic Imaging, Mobile CT Scanning, Laser Surgery, Neonatal Intensive Care, Air Ambulance, Dialysis, Psychiatric and Chemical Dependency and Rehabilitation Programs. Other smaller, independent medical facilities in the area include the Black Hills Surgery Center, Black Hills Orthopedic & Spine Center, Setliff Sinus Institute, Black Hills Eye Institute and the Community Care Center.

In addition, there are 19 long-term care and assisted living facilities in the area that have approximately 867 beds.*

Banking

Banking and financial institutions are available to area residents in Rapid City. Major banking institutions are Wells Fargo, First Western Bank, US Bank National Association and Pioneer Bank and Trust. There are also several smaller banks and many Credit Unions serving the County. Year ending bank deposits are listed below for major institutions in Pennington County.

Banking

Bank	2014	2013	2012	2011	2010
First Interstate Bank*	301,420	283,885	168,456	264,502	288,273
Great Western Bank	200,929	219,619	235,771	242,224	245,185
Pioneer Bank & Trust	251,130	241,656	212,894	186,428	168,749
US Bank	380,889	357,930	338,878	306,416	269,385
Wells Fargo	433,186	456,737	436,476	402,792	371,070

Education

The largest K-12 district in the County is Rapid City School District that operates 16 Elementary Schools, 5 Middle Schools and 3 Senior High Schools. Statistics for the 2013-2014 school year are provided. Pennington County also has five other school districts serving area residents.

Education		
School System	**Number of Students**	**Certified Staff**
Custer School District	857	60.3
Douglas School District	2.655	181
Hill City School District	517.5	38.8
New Underwood School District	263	20.8
Rapid City School District	13,702	889.5
Wall School District	254	23

Private and parochial education is also available at 10 schools.

Black Hills Children's Home (Special Education)
Calvary Christian School
Children's House Montessori School
Memorial Christian School
Rapid City Christian School
Rapid City Adventist Elementary School
St Elizabeth Seton School
St Paul's Lutheran School
St. Thomas More High School
Zion Lutheran School

Post-secondary education is available at the following schools:

Black Hills Beauty College
Black Hills Indian Bible College
Career Learning Center
Embry-Riddle Aeronautical University
Headlines Academy, Inc.
New Horizons
Oglala Lakota College
National American University
South Dakota School of Mines and Technology
SDSU College of Nursing
USD Department of Nursing
University Center – Rapid City (Includes five South Dakota Universities)
West River Graduate Center
Western Dakota Vocational Technical School

APPENDIX C –
AUDITED FINANCIALS FOR 2014

PENNINGTON COUNTY, SOUTH DAKOTA

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PENNINGTON COUNTY

AUDIT REPORT

For the Year Ended December 31, 2014

PENNINGTON COUNTY
COUNTY OFFICIALS
December 31, 2014

Board of Commissioners:
Nancy Trautman
Don Holloway
Lyndell Petersen
Ron Buskerud
Ken Davis

Auditor:
Julie A. Pearson

Treasurer:
Janet Sayler

State's Attorney:
Mark Vargo

Register of Deeds:
Donna Mayer

Sheriff:
Kevin Thom

PENNINGTON COUNTY
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427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

County Commission
Pennington County,
Rapid City, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County, South Dakota (County), as of December 31, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 18, 2015. Our report includes a reference to other auditors who audited the financial statements of Pennington County Housing and Redevelopment Commission, a discretely presented component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Martin L. Guindon, CPA
Auditor General

September 18, 2015

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

County Commission
Pennington County
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Pennington County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

The County's basic financial statements include the operations of the Pennington County Housing Redevelopment Commission, a discretely presented component unit of the County, which expended $8,525,325 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2014. Our audit, described above, did not include the operations of the Pennington County Housing and Redevelopment Commission because the Pennington County Housing and Redevelopment Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pennington County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Martin L. Guindon, CPA
Auditor General

September 18, 2015

PENNINGTON COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

a. An unmodified opinion was issued on the financial statements of each opinion unit.

b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).

f. The federal awards tested as major programs were:

1.	Schools and Roads Cluster	
2.	Payment in Lieu of Taxes	CFDA # 15.226
3.	Help America Vote Act Requirements Payments	CFDA # 90.401

g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $300,000.

h. Pennington County did qualify as a low-risk auditee.

Current Federal Audit Findings:

There are no written current federal compliance audit findings to report.

Current Other Audit Findings:

There are no written current other audit findings to report.

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595
FAX(605)773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Pennington County
Rapid City, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County, South Dakota (County), as of December 31, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Pennington County Housing and Redevelopment Commission, which represent 100 percent of the assets, liabilities, net position, expenses, and revenues of the discretely presented component unit of the County. Those statements were audited by the other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pennington County Housing and Redevelopment Commission is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and the Schedule of Funding Progress on pages 44 through 48, and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 18, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Martin L. Guindon, CPA
Auditor General

September 18, 2015

PENNINGTON COUNTY
STATEMENT OF NET POSITION
December 31, 2014

	Primary Government Governmental Activities	Component Unit
ASSETS:		
Cash and Cash Equivalents	$ 30,686,809.49	$ 2,597,105.00
Investments	5,388,780.08	98,009.00
Accounts Receivable, Net	7,919,543.78	90,155.00
Inventories	1,441,589.48	40,529.00
Other Assets	521,482.22	65,271.00
Restricted Assets:		
Cash and Cash Equivalents	712.14	
Investments		6,133,537.00
Capital Assets:		
Land, Improvements and Construction in Progress	3,484,638.00	1,979,446.00
Other Capital Assets, Net of Depreciation	134,490,189.15	11,027,512.00
TOTAL ASSETS	$ 183,933,744.34	$ 22,031,564.00
LIABILITIES:		
Accounts Payable	$ 2,250,418.54	$ 264,283.00
Unearned Revenue	5,220,331.57	218,675.00
Noncurrent Liabilities:		
Due Within One Year	5,043,987.70	166,249.00
Due in More than One Year	51,634,981.10	4,403,699.00
TOTAL LIABILITIES	$ 64,149,718.91	$ 5,052,906.00
NET POSITION: (See Note 10)		
Net Investment in Capital Assets	$ 90,043,246.10	$ 8,668,227.00
Restricted For:		
Road and Bridge Purposes	2,570,138.59	
Accumulated Building Purposes	5,710,298.82	
Other Purposes	1,298,311.09	444,776.00
Unrestricted	20,162,030.83	7,865,655.00
TOTAL NET POSITION	$ 119,784,025.43	$ 16,978,658.00

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Component Unit
Primary Government:						
Governmental Activities:						
General Government	$ 16,836,590.03	$ 2,576,000.60	$ 735,982.02	$	$ (13,524,607.41)	$
Public Safety	31,313,333.10	12,283,932.59	2,287,362.31		(16,742,038.20)	
Public Works	9,837,582.56	233,590.13	6,634,142.29		(2,969,850.14)	
Health and Welfare	2,355,869.24	354,834.80	63,345.00		(1,937,689.44)	
Culture and Recreation	728,947.56				(728,947.56)	
Conservation of Natural Resources	828,358.18	296,220.06	176,825.14		(355,312.98)	
Urban and Economic Development	683,060.22	156,733.95	108,776.96		(417,549.31)	
*Interest on Long-Term Debt	3,057,390.45				(3,057,390.45)	
Total Primary Government	$ 65,641,131.34	$ 15,901,312.13	$ 10,006,433.72	$ 0.00	(39,733,385.49)	
Component Unit:						
Pennington County Housing	$ 11,878,358.00	$ 2,007,511.00	$ 8,351,004.00	$ 174,321.00		(1,345,522.00)
General Revenues:						
Taxes:						
Property Taxes					37,980,816.25	
State Shared Revenues					901,563.17	
Grants and Contributions not Restricted to Specific Programs					2,287,699.32	
Unrestricted Investment Earnings					25,473.75	(404,283.00)
Miscellaneous Revenue					37,671.40	171,863.00
Total General Revenues					41,233,223.89	(232,420.00)
Change in Net Position					1,499,838.40	(1,577,942.00)
Net Position - Beginning					118,284,187.03	18,556,600.00
NET POSITION - ENDING					$ 119,784,025.43	$ 16,978,658.00

* The County does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	$ 11,150,560.12	$ 11,363,166.68	$ 5,942,816.39	$	$ 965,827.94	$ 29,422,371.13
Investments	2,572,453.90			2,816,326.18		5,388,780.08
Taxes Receivable--Delinquent	201,751.98	30,018.11	24,720.19		12,654.08	269,144.36
Accounts Receivable, Net	119,791.77	1,235.89			368.00	121,395.66
Notes Receivable	3,359.00					3,359.00
Due from Other Government	1,846,055.97	707,716.65	4,580,377.43		323,987.81	7,458,137.86
Inventory of Supplies		1,441,589.48				1,441,589.48
Deposits	521,482.22					521,482.22
Restricted Cash and Cash Equivalents			712.14			712.14
TOTAL ASSETS	$ 16,415,454.96	$ 13,543,726.81	$ 10,548,626.15	$ 2,816,326.18	$ 1,302,837.83	$ 44,626,971.93
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	$ 1,114,349.63	$ 229,370.01	$ 160,374.90	$ 176,229.92	$ 35,436.90	$ 1,715,761.36
Unearned Revenue	639,954.14		4,580,377.43			5,220,331.57
Total Liabilities	1,754,303.77	229,370.01	4,740,752.33	176,229.92	35,436.90	6,936,092.93
Deferred Inflows of Resources:						
Unavailable Revenue--Property Taxes	201,751.98	30,018.11	24,720.19		12,654.08	269,144.36
Fund Balances: (See Note 1.m.)						
Nonspendable	521,482.22	1,441,589.48				1,963,071.70
Restricted		1,335,686.32	5,685,578.63	2,640,096.26	809,875.53	10,471,236.74
Assigned	10,771,138.00	10,507,062.89	97,575.00		444,871.32	21,820,647.21
Unassigned	3,166,778.99					3,166,778.99
Total Fund Balances	14,459,399.21	13,284,338.69	5,783,153.63	2,640,096.26	1,254,746.85	37,421,734.64
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 16,415,454.96	$ 13,543,726.81	$ 10,548,626.15	$ 2,816,326.18	$ 1,302,837.83	$ 44,626,971.93

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014

Total Fund Balances - Governmental Funds		$ 37,421,734.64
Amounts reported for governmental activities in the Statement of Net Position are different because:		
	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	137,974,827.15
	Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	(56,678,968.80)
	Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.	269,144.36
	Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	797,288.08
Net Position of Governmental Activities		$ 119,784,025.43

The notes to the financial statements are an integral part of this statement.

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PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes						
General Property Taxes--Current	$ 30,255,941.48	$ 1,636,552.07	$ 3,956,856.06	$	$ 1,280,819.24	$ 37,130,168.85
General Property Taxes--Delinquent	179,543.38	19,229.96	21,899.79		9,502.04	230,175.17
Penalties and Interest	71,826.08	6,262.55	9,014.64		3,456.29	90,559.56
Telephone Tax (Outside)	5,332.89					5,332.89
Mobile Home Tax	73,753.94	7,422.20	9,586.46		3,680.42	94,443.02
Tax Deed Revenue	80,053.23	10,083.49	10,469.31		4,248.49	104,854.52
Other Taxes	373,534.09	813.54	48,830.48		6,326.35	429,504.46
Licenses and Permits	178,750.00	147,773.10			29,670.00	356,193.10
Intergovernmental Revenue:						
Federal Grants	829,795.98	37,305.35	773,570.70		416,011.82	2,056,683.85
Federal Shared Revenue	213,470.82	247,824.25			38,044.02	499,339.09
Federal Payments in Lieu of Taxes	1,495,299.00					1,495,299.00
State Grants	267,825.14					267,825.14
State Shared Revenue:						
Bank Franchise	353,418.70					353,418.70
Motor Vehicle Licenses		5,022,662.11				5,022,662.11
Liquor Tax Reversion	890.93					890.93
State Highway Fund (former 10% game)		29,256.47				29,256.47
Court Appointed Attorney/Public Defender	123,961.57					123,961.57
Prorate License Fees		305,376.60				305,376.60
Abused and Neglected Child Defense	12,546.96					12,546.96
63 3/4% Mobile Home/Manufactured Home		61,250.11				61,250.11
Secondary Road Motor Vehicle Remittances		886,611.43				886,611.43
Telecommunications Gross Receipts Tax	547,253.54					547,253.54
Motor Vehicle 1/4%	25,916.84					25,916.84
Motor Fuel Tax		43,855.97				43,855.97
911 Remittances					1,221,731.68	1,221,731.68
Other State Shared Revenue					69,251.13	69,251.13
Other Payments in Lieu of Taxes	16,651.90		2,177.72		271.28	19,100.90
Other Intergovernmental Revenue	168,288.03		290,058.47		73,423.95	531,770.45
Charges for Goods and Services:						
General Government:						
Treasurer's Fees	249,934.86					249,934.86

Register of Deeds' Fees	1,186,451.56				55,115.86	1,241,567.42
Legal Services	99,435.91				10,138.64	109,574.55
Clerk of Courts Fees	136,367.23					136,367.23
Other Fees	672,815.82					672,815.82
Public Safety:						
Law Enforcement	846,562.58					846,562.58
Prisoner Care	6,297,726.63					6,297,726.63
Sobriety Testing					430,862.48	430,862.48
Other	2,938,182.68				1,327,648.71	4,265,831.39
Public Works:						
Road Maintenance Contract Charges		230,575.19				230,575.19
Health and Welfare:						
Economic Assistance:						
Poor Lien Recoveries	269,314.72					269,314.72
Veterans Service Officer	4,687.50					4,687.50
Mental Health Services	80,832.58					80,832.58
Urban and Economic Development	60,904.00					60,904.00
Conservation of Natural Resources	150,134.06					150,134.06
Other Charges	27,000.46					27,000.46
Fines and Forfeits.						
Fines	5,740.00				2,190.00	7,930.00
Costs	5,663.51					5,663.51
Forfeits	25.00					25.00
Miscellaneous Revenue:						
Investment Earnings	10,304.40	8,534.29	5,087.62	496.80	1,050.64	25,473.75
Rent	1,800.00					1,800.00
Special Assessments	7,539.95					7,539.95
Contributions and Donations	67,835.00					67,835.00
Refund of Prior Year's Expenditures	18,742.21				233.95	18,976.16
Other	10,463.09	1,327.84			8,232.15	20,023.08
Total Revenues	48,422,518.25	8,702,716.52	5,127,551.25	496.80	4,991,909.14	67,245,191.96
Expenditures:						
General Government:						
Legislative:						
Board of County Commissioners	976,298.10					976,298.10
Elections	427,660.31					427,660.31
Judicial System	276,158.05					276,158.05
Financial Administration:						
Auditor	466,706.54					466,706.54
Treasurer	923,856.70					923,856.70
Information and Technology Services	793,327.36					793,327.36
Legal Services:						
State's Attorney	2,432,280.57					2,432,280.57
Public Defender	1,956,154.95					1,956,154.95
Court Appointed Attorney	625,629.43					625,629.43
Abused and Neglected Child Defense	202,978.81					202,978.81
Other	616,489.84					616,489.84

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(Continued)

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Other Administration:						
General Government Building	3,502,443.76		287,029.94	17,021.21		3,806,494.91
Director of Equalization	1,362,931.64					1,362,931.64
Register of Deeds	427,264.11				38,029.00	465,293.11
Predatory Animal	3,338.84					3,338.84
Geographic Information System	100,000.00					100,000.00
Public Safety:						
Law Enforcement:						
Sheriff	6,916,418.43				53,079.45	6,969,497.88
County Jail	10,288,632.73					10,288,632.73
Coroner	138,457.15					138,457.15
County-Wide Law Enforcement	947,376.42					947,376.42
Juvenile Detention	3,946,852.36					3,946,852.36
Other Law Enforcement	3,477,357.49				368,271.44	3,845,628.93
Protective and Emergency Services:						
Fire Protection					246,996.54	246,996.54
Emergency and Disaster Services	79,179.67				511,358.06	590,537.73
Flood Control	38,300.00					38,300.00
Communication Center					2,993,267.89	2,993,267.89
Public Works:						
Highways and Bridges:						
Highways, Roads and Bridges		7,108,082.26				7,108,082.26
Health and Welfare:						
Economic Assistance:						
Support of Poor	1,526,638.04					1,526,638.04
Health Assistance:						
Health Services	193,348.00					193,348.00
Social Services:						
Domestic Abuse					41,998.64	41,998.64
Mental Health Services:						
Mentally Ill	587,642.71					587,642.71
Culture and Recreation:						
Culture:						
Public Library					472,540.00	472,540.00
Recreation:						
County Fair					178,295.00	178,295.00

Senior Center	19,446.00					19,446.00
Conservation of Natural Resources:						
Soil Conservation:						
County Extension	65,590.26					65,590.26
Soil Conservation Districts	62,721.00					62,721.00
Weed and Pest Control	294,544.35					294,544.35
Grasshopper and Pest Control	377,845.31					377,845.31
Urban and Economic Development:						
Urban Development:						
Planning and Zoning	374,850.52					374,850.52
Other	301,659.27					301,659.27
Economic Development:						
Tourism, Industrial or Recreational Development	10,000.00					10,000.00
Other	25,000.00					25,000.00
Debt Service	740,997.94		4,298,521.02		491,700.45	5,531,219.41
Capital Outlay	1,339,261.95	3,248,299.67		8,965,083.00	311,700.15	13,864,344.77
Total Expenditures	46,845,638.61	10,356,381.93	4,585,550.96	8,982,104.21	5,707,236.62	76,476,912.33
Excess of Revenues Over (Under) Expenditures	1,576,879.64	(1,653,665.41)	542,000.29	(8,981,607.41)	(715,327.48)	(9,231,720.37)
Other Financing Sources (Uses):						
Transfers In	89,260.69	2,108,973.00			613,807.00	2,812,040.69
Transfers Out	(2,722,780.00)	(8,534.29)			(80,726.40)	(2,812,040.69)
General Long-Term Debt Issued			3,460,000.00			3,460,000.00
Insurance Proceeds		22,000.00				22,000.00
Payments to Refunded Debt Escrow Agent			(3,393,255.12)			(3,393,255.12)
Total Other Financing Sources (Uses)	(2,633,519.31)	2,122,438.71	66,744.88	0.00	533,080.60	88,744.88
Net Change in Fund Balance	(1,056,639.67)	468,773.30	608,745.17	(8,981,607.41)	(182,246.88)	(9,142,975.49)
Changes in Nonspendable		263,354.15				263,354.15
Fund Balance - Beginning	15,516,038.88	12,552,211.24	5,174,408.46	11,621,703.67	1,436,993.73	46,301,355.98
FUND BALANCE - ENDING	$ 14,459,399.21	$ 13,284,338.69	$ 5,783,153.63	$ 2,640,096.26	$ 1,254,746.85	$ 37,421,734.64

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	$	(9,142,975.49)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $13,864,344.77 were more than depreciation expense of $4,959,315.52 in the current period.		8,905,029.25
In the Statement of Activities, the loss on disposal of assets is reported, whereas in the governmental funds, the disposal of fixed assets is not reflected.		(1,073,017.30)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		2,762,084.08
Payment of refunding bond proceeds to escrow agency is an other financing use in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.		3,105,000.00
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available."		(104,222.22)
Governmental funds reflect Inventory changes as Changes in Nonspendable Fund Balance, but the Statement of Activities reflects the change through expenditures.		263,354.15
Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in accrued leave through expenditures.		(7,696.43)
Governmental funds do not reflect the change in accrued OPEB, but the Statement of Activities reflects the change in accrued OPEB through expenditures.		(268,665.75)
Proceeds of bond principal is a revenue in the Governmental Funds, but increase the long-term liabilities in the Statement of Net Position.		(3,460,000.00)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		520,948.11
Change in Net Position of Governmental Activities	$	1,499,838.40

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Internal Service Funds Health Care Trust
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 1,264,438.36
Accounts Receivable, Net	67,506.90
TOTAL ASSETS	$ 1,331,945.26
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 534,657.18
TOTAL LIABILITIES	$ 534,657.18
NET POSITION:	
Unrestricted Net Position	$ 797,288.08
TOTAL NET POSITION	$ 797,288.08

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Internal Service Funds Health Care Trust
Operating Revenues:	
Charges for Goods and Services	$ 4,890,863.75
Stop Loss Insurance Claims and Rebates	423,143.08
Total Operating Revenues	5,314,006.83
Operating Expenses:	
Personal Services	1,057,949.34
Other Current Expense	126,788.39
Claims Paid Gross	3,609,301.08
Total Operating Expenses	4,794,038.81
Operating Income (Loss)	519,968.02
Nonoperating Revenues (Expenses):	
Investment Earnings	980.09
Change in Net Position	520,948.11
Net Position - Beginning	276,339.97
NET POSITION - ENDING	$ 797,288.08

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Internal Service Funds Health Care Trust
Cash Flows from Operating Activities:	
Cash Receipts from Customers/Employees	$ 4,890,863.75
Stop Loss Insurance Claims and Rebate Receipts	722,251.83
Cash Payments to Administrator	(1,184,737.73)
Claims Paid	(3,405,490.28)
Net Cash Provided (Used) by Operating Activities	1,022,887.57
Cash Flows from Investing Activities:	
Interest Earnings	980.09
Net Increase (Decrease) in Cash and Cash Equivalents	1,023,867.66
Cash and Cash Equivalents at Beginning of Year	240,570.70
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,264,438.36
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 519,968.02
Change in Assets and Liabilities:	
Receivables	299,108.75
Accounts and Other Payables	203,810.80
Net Cash Provided (Used) by Operating Activities	$ 1,022,887.57

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2014

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 5,624,924.43
TOTAL ASSETS	$ 5,624,924.43
LIABILITIES:	
Amounts Held for Others	$ 2,258,386.32
Due to Other Governments	3,366,538.11
TOTAL LIABILITIES	$ 5,624,924.43

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of Pennington County (County), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The Housing and Redevelopment Commission of Pennington County, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. The Commission's fiscal year end is March 31 of each year. The County has included the March 31, 2014 audit report's financial information, which is the most recent available, for the amounts it reports as a discretely presented component unit. No significant transactions between the County and the Commission have occurred. Separately issued financial statements of the Commission may be obtained from: 1804 West Fulton Street, Rapid City, SD 57702-4358.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental activities and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients

of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the County financial reporting entity are described below:

Governmental Funds:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

Accumulated Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. This is a major fund.

The remaining special revenue funds are not considered major funds: Drug Seizure, 911 Service, County Fire Administration, Title III, Emergency Management, Hazardous Materials, Domestic Abuse, Library, County Fair, 24/7 Sobriety, and Modernization and

Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TIF #2 and TIF #3 Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. These are not major funds.

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Courthouse Complex Expansion Capital Projects Fund – to account for financial resources to be used to implement the County's Master Plan for the construction of a parking ramp, a City/County evidence building, and energy plant, a new county administration building, courthouse remodel, highway shop, and other projects outlined in the master plan. This is a major fund.

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular type of goods or services provided to other funds is for employee health care. Internal service funds are never considered to be major funds. The Health Care Trust Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and are never considered to be major funds:

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the County is 30 days. The revenues which are accrued at December 31, 2014 are federal grants, state shared revenues, and various charges for goods and services.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

In order to minimize the doubling-up effect of internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reductions occur in the Health Care Trust Fund, so that expenses are reported only by the function to which they relate.

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by SDCL 4-5-6.

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2014 balance of governmental activities capital assets are all valued at original cost.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the County. Infrastructure assets acquired since January 1, 1980 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	all capitalized	-------N/A------	-------N/A------
Improvements Other Than Buildings	$ 50,000	Straight-line	99 years
Buildings	$ 50,000	Straight-line	10-100 years
Machinery and Equipment	$ 5,000	Straight-line	5-15 years
Infrastructure	$ 50,000	Straight-line	20-40 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of certificates of participation, revenue bonds, financing (capital acquisition) leases, accrued OPEB liability, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

h. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the County's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities. noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Cash and Cash Equivalents:

The County pools the cash resources of its funds for cash management purposes. The Health Care Trust Fund essentially has access to the entire amount of its cash resources on demand. Accordingly, the Health Care Trust Fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted Net Position – All other net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity.

l. Application of Net Position:

It is the County's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

m. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners.

- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in nonspendable form such as inventory of $1,441,589.48.
- Amount legally or contractually required to be maintained intact such as SDPAA deposit balance of $521,482.22.

The County uses *restricted/committed* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The County *does not* have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund	**Revenue Source**
Road and Bridge Fund	Motor Vehicle Fees and Taxes
Accumulated Building Fund	Taxes and Intergovernmental Revenues

A schedule of fund balances is provided as follows:

PENNINGTON COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory of Supplies	$	$ 1,441,589.48	$	$	$	$ 1,441,589.48
South Dakota Public Assurance Alliance	521,482.22					521,482.22
Restricted For:						
Emergency and Disaster Purposes		299,260.69				299,260.69
Secondary Road Purposes		1,036,425.63				1,036,425.63
Accumulated Building Purposes			5,685,578.63			5,685,578.63
Courthouse Building Purposes				2,640,096.26		2,640,096.26
Library Purposes					79,392.53	79,392.53
Drug Seizure Purposes					17,519.63	17,519.63
County Fire Purposes					286,743.03	286,743.03
County Fair Purposes					43,246.00	43,246.00
Title III Purposes					67,556.36	67,556.36
Pandemic Flu Purposes					35,016.97	35,016.97
Hazardous Materials Purposes					7,132.02	7,132.02
24/7 Sobriety Purposes					229,057.76	229,057.76
Modernization and Preservation Relief Purposes					44,211.23	44,211.23
Assigned To:						
Applied to Next Year's Budget	9,520,833.00					9,520,833.00
Other Accumulation Purposes	1,250,305.00					1,250,305.00
Road and Bridge Purposes		10,408,395.24				10,408,395.24
Drainage Purposes		98,667.35				98,667.35
Accumulated Building Purposes			97,575.00			97,575.00
911 Service Purposes					223,201.17	223,201.17
Emergency Management Purposes					221,670.15	221,670.15
Unassigned	3,166,778.99					3,166,778.99
Total Fund Balances	$ 14,459,399.21	$ 13,284,338.39	$ 5,783,153.63	$ 2,640,096.26	$ 1,254,746.85	$ 37,421,734.34

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The County follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The County's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits County funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State law limits eligible investments for the County, as discussed above. The County has no investment policy that would further limit its investment choices.

As of December 31, 2014, the County had the following investments.

Investment	Credit Rating	Maturities	Fair Value
Government National Mortgage Association	AAA	2028	$ 19,515.29
Mutual Funds:			
US Government Money Market Fund	AAm		25,683.91
First American Government Obligation Fund	AAm		2,816,326.18
TOTAL INVESTMENTS			$ 2,861,525.38

Concentration of Credit Risk – The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County's investments are in First American Government Obligation Fund at 98.42%.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Type	Fair Value	Greater than 10 years
GNMA		$ 19,515.29
Other Investments:		
Mutual Funds	2,842,010.09	
Total	$ 2,861,525.38	

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County's policy is to credit all income from deposits and investments to the General Fund, except for the 911 Service Fund, Accumulated Building Fund, Courthouse Complex Expansion Fund and Health Care Trust Fund which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated.

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The County expects all receivables to be collected within one year.

4. INVENTORY

Inventory in the Road and Bridge Fund consists of expendable supplies held for consumption. Supply inventories are recorded at average cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. PROPERTY TAXES

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The County is permitted by several state statutes to levy varying amounts of taxes per $1,000 of taxable valuation on taxable real property in the County.

6. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2014 is as follows:

	Balance 01/01/2014	Increases	Decreases	Balance 12/31/2014
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 3,484,638.00	$	$	$ 3,484,638.00
Construction in Progress	10,890,513.00	9,017,241.00	(19,907,754.00)	0.00
Total Capital Assets not being Depreciated	14,375,151.00	9,017,241.00	(19,907,754.00)	3,484,638.00
Capital Assets being Depreciated:				
Infrastructure (Improvements Other Than Buildings)	81,083,218.78	1,903,517.25	(1,548,253.31)	81,438,482.72
Buildings	79,909,526.00	20,412,474.00		100,322,000.00
Machinery and Equipment	24,032,699.08	2,504,933.52	(1,156,116.00)	25,381,516.60
Total Capital Assets being Depreciated	185,025,443.86	24,820,924.77	(2,704,369.31)	207,141,999.32
TOTAL CAPITAL ASSETS	$ 199,400,594.86	$ 33,838,165.77	$ (22,612,123.31)	$ 210,626,637.32
Less Accumulated Depreciation for:				
Infrastructure (Improvements Other Than Buildings)	$ (38,294,692.81)	$ (1,905,321.41)	$ 1,195,061.52	$ (39,004,952.70)
Buildings	(20,168,873.68)	(1,337,172.56)		(21,506,046.24)
Machinery and Equipment	(10,794,213.17)	(1,716,821.55)	370,223.49	(12,140,811.23)
Total Accumulated Depreciation	(69,257,779.66)	(4,959,315.52)	1,565,285.01	(72,651,810.17)
Total Capital Assets being Depreciated, Net	115,767,664.20	19,861,609.25	(1,139,084.30)	134,490,189.15
Governmental Activity Capital Assets, Net	$ 130,142,815.20	$ 28,878,850.25	$ (21,046,838.30)	$ 137,974,827.15

Depreciation expense was charged to functions as follows:

General Government	$ 414,858.75
Public Safety	1,663,501.97
Public Works	2,769,871.08
Health and Welfare	18,239.14
Culture and Recreation	59,656.36
Conservation of Natural Resources	26,132.19
Urban and Economic Development	7,056.03
Total Depreciation Expense-Governmental Activities	$ 4,959,315.52

7. CHANGES IN COMPONENT UNIT FIXED ASSETS

A summary of changes in component unit fixed assets for the year ended March 31, 2014 is as follows:

	Balance 3/31/2013	Additions	Deletions	Balance 3/31/2014
Land	$ 1,979,446.00	$	$	$ 1,979,446.00
Buildings	32,856,289.00	1,019,541.00	(1,070.00)	33,874,760.00
Furniture, Equipment and Machinery	3,533,326.00	130,904.00	(113,960.00)	3,550,270.00
Site Improvements	3,850,261.00			3,850,261.00
TOTAL	$ 42,219,322.00	$ 1,150,445.00	$ (115,030.00)	$ 43,254,737.00

A summary of changes in component unit accumulated depreciation for the year ended March 31, 2014 is as follows:

	Balance 3/31/2013	Additions	Deletions	Balance 3/31/2014
Buildings	$ 23,777,936.00	$ 1,052,608.00	$ (407.00)	$ 24,830,137.00
Furniture, Equipment and Machinery	2,251,175.00	188,401.00	(74,288.00)	2,365,288.00
Site Improvements	2,913,322.00	139,032.00		3,052,354.00
TOTAL	$ 28,942,433.00	$ 1,380,041.00	$ (74,695.00)	$ 30,247,779.00

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Long-Term Liabilities 1/1/2014	Additions	Deletions	Long-Term Liabilities 12/31/2014	Due Within One Year
Primary Government:					
Governmental Activities:					
Certificates of Participation:					
2014 Series A Matures 12/01/2023	$	$ 3,460,000.00	$ (30,000.00)	$ 3,430,000.00	$ 60,000.00
2011 Series A Matures 12/01/2023	7,635,000.00		(690,000.00)	6,945,000.00	700,000.00
2010 Series A Matures 12/01/2040	7,930,000.00			7,930,000.00	0.00
2010 Series B Matures 6/01/2037	27,435,000.00			27,435,000.00	0.00
2010 Series C Matures 12/01/2016	1,835,000.00		(600,000.00)	1,235,000.00	615,000.00
2009 COP Event Center Matures 12/01/2017	1,230,000.00		(295,000.00)	935,000.00	300,000.00
2008A Series Matures 12/1/2016	4,195,000.00		(3,455,000.00)	740,000.00	365,000.00
Honeywell Lease Matures 7/11/2016	1,315,150.91		(418,899.91)	896,251.00	438,091.00
Motorola Lease Matures 3/01/2018	1,266,037.00		(240,611.00)	1,025,426.00	249,986.00
Motorola Lease Matures 8/01/2018	617,659.00		(63,570.00)	554,089.00	65,261.00
Tax Increment Financing Matures 5/20/2016	150,425.05		(74,003.17)	76,421.88	55,597.29
Total Debt	53,609,271.96	3,460,000.00	(5,867,084.08)	51,202,187.88	2,848,935.29
Accrued Leave Liability at 12/31/2014	3,476,513.74	2,582,761.75	(2,575,065.32)	3,484,210.17	2,195,052.41
Accrued OPEB Liability at 12/31/2014	1,723,905.00	268,665.75		1,992,570.75	0.00
TOTAL PRIMARY GOVERNMENT	$ 58,809,690.70	$ 6,311,427.50	$ (8,442,149.40)	$ 56,678,968.80	$ 5,043,987.70
Component Unit	$ 3,442,711.00	$ 1,025,000.00	$ (128,979.00)	$ 4,338,731.00	$ 155,479.00

In 2014 the County issued $3,460,000.00 in Refunding Certificates of Participation Series 2014A with an average interest rate of 1.94 percent to refund the following:

Date Issued	Project	Average Interest Rate	Unpaid Principal at Time of Refunding
2008	Jail Annex	4.36%	$ 3,105,000.00

The entire proceeds of the refunding issue in the amount of $3,393,255.12 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the County's Government-wide Governmental Activities records.

The County refunded the debt to reduce its total debt service payments over the next nine years by $ 119,625.66 and to obtain an economic gain of $ 108,878.35.

Debt payable at December 31, 2014 is comprised of the following:

Certificates of Participation:	
2014 Series A Refunding Certificates of Participation – Interest Rates from .55 percent to 2.4 percent – Maturing 12/1/23 – Payable from Accumulated Building Fund	$ 3,430,000.00
2011 Series A Refunding Certificates of Participation – Interest Rates from .55 percent to 3.1 percent – Maturing 12/1/23 – Payable from Accumulated Building Fund	$ 6,945,000.00
2010 Series A Recovery Zone – Interest Rate 7.3 percent – Maturing 12/1/40 – Payable from Accumulated Building Fund	$ 7,930,000.00
2010 Series B Build America Bond – Interest Rates from 3.0 to 7.2 percent – Maturing 6/1/37 – Payable from Accumulated Building Fund	$ 27,435,000.00
2010 Series C Certificates of Participation – Interest Rates from 1.0 to 2.5 percent – Maturing 12/1/16 – Payable from Accumulated Building Fund	$ 1,235,000.00
2009 COP Series Event Center – Interest Rates from 1 percent to 3 percent – Maturing 12/1/17 – Payable from the County Fair Fund	$ 935,000.00
2008 Series A Certificates of Participation – Interest Rates from 2.8 percent to 4.4 percent – Maturing 12/1/23 – Payable from Accumulated Building Fund	$ 740,000.00
Installment Contracts:	
Honeywell Lease – 4.53 Percent Interest, Final Maturity 7/11/16 – Payment made from County General Fund	$ 896,251.00
Motorola Lease – 1.68 Percent Interest, Final Maturity 3/1/18 – Payment made from Accumulated Building Fund	$ 1,025,426.00
Motorola Lease – 2.66 Percent Interest, Final Maturity 8/1/18 – Payment made from 911 Service Fund	$ 554,089.00
Tax Increment Financing:	
2009 Tax Increment Financing Bank Loan – Interest Rate of 8.5 percent – Final Maturity 5/20/16 – Payments to be made from TID #3 Fund	$ 76,421.88

Compensated Absences:

Accrued Leave Liability at December 31, 2014 – Payment will be made by the fund that the payroll expenditures are charged to.	$ 3,484,210.17
Accrued OPEB Liability at December 31, 2014	$ 1,992,570.75

The annual requirements to amortize all debt outstanding as of December 31, 2014, except for compensated absences, are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2014

Year Ending Dec. 31,	Tax Incremental Financing		Certificates of Participation	
	Principal	Interest	Principal	Interest
2015	$ 55,597.29	$ 4,813.23	$ 2,040,000.00	$ 2,520,233.75
2016	20,824.59	894.87	2,090,000.00	2,475,528.75
2017			2,140,000.00	2,425,372.50
2018			2,190,000.00	2,373,040.00
2019			2,240,000.00	2,313,922.50
2020-2024			10,795,000.00	10,373,038.75
2025-2029			6,640,000.00	8,349,181.25
2030-2034			8,115,000.00	6,081,017.50
2035-2039			10,115,000.00	2,923,357.50
2040			2,285,000.00	125,560.00
TOTAL	$ 76,421.88	$ 5,708.10	$ 48,650,000.00	$ 39,960,252.50

Year Ending Dec. 31,	Installment Contracts		Total	
	Principal	Interest	Principal	Interest
2015	$ 753,337.78	$ 67,660.29	$ 2,848,935.07	$ 2,592,707.27
2016	871,030.61	41,654.35	2,981,855.20	2,518,077.97
2017	421,361.14	17,538.88	2,561,361.14	2,442,911.38
2018	430,036.47	8,863.55	2,620,036.47	2,381,903.55
2019			2,240,000.00	2,313,922.50
2020-2024			10,795,000.00	10,373,038.75
2025-2029			6,640,000.00	8,349,181.25
2030-2034			8,115,000.00	6,081,017.50
2035-2039			10,115,000.00	2,923,357.50
2040			2,285,000.00	125,560.00
TOTAL	$ 2,475,766.00	$ 135,717.07	$ 51,202,187.88	$ 40,101,677.67

9. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2014, there were two.

Entity	Balance 12/31/2014
Black Hills Works	$ 977,925.38
United Blood Services	26,175,000.00
Total	$ 27,152,925.38

10. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2014, was as follows:

Major Purposes:		
Road and Bridge Purposes	$ 2,570,138.59	
Accumulated Building Purposes	5,710,298.82	
Other Purposes:		
Library Purposes	85,255.14	
Drug Seizure Purposes	17,519.63	
County Fire Purposes	242,814.39	
County Fair Purposes	46,383.41	
Title III National Forest Purposes	67,556.36	
Pandemic Flu Purposes	35,016.97	
Hazardous Materials Purposes	7,132.02	
24/7 Sobriety Purposes	230,939.72	
Modernization and Preservation Relief Purposes	44,211.23	
Insurance Purposes	521,482.22	
Total Other Purposes	1,298,311.09	
Total Restricted Net Position		**$ 9,578,748.50**

These balances are restricted due to federal grant and statutory requirements.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2014, were as follows:

	Transfers To:			
Transfers From:	General Fund	Road and Bridge Fund	Other Governmental Funds	Total
Major Funds:				
General Fund	$	$ 2,108,973.00	$ 613,807.00	$ 2,722,780.00
Road and Bridge Fund	8,534.29			8,534.29
Other Governmental Funds	80,726.40			80,726.40
Total	$ 89,260.69	$ 2,108,973.00	$ 613,807.00	$ 2,812,040.69

The County typically budgets transfers to the Road and Bridge Fund, the Emergency Management Fund and the 911 Service Fund (Other Governmental Funds) to conduct the indispensable functions of the County. The County also uses transfers to transfer earnings on deposits from special revenue funds to the General Fund, where it is deemed appropriate. The County also budgets a transfer from the 911 Service Fund (Other Governmental Fund) to the General Fund for the Fund's share of the tower lease debt payment. The County also transferred money to the Fair Fund (Other Governmental Fund) from the General Fund for the shortage in the fund to cover debt service costs.

12. RETIREMENT PLAN

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

General employees are required by state statute to contribute 6 percent of their salary to the plan, while public safety and judicial employees contribute at 8 percent and 9 percent, respectively. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2014, 2013, and 2012 were $1,925,154.75, $1,931,017.97, and $1,869,180.91, respectively, equal to the required contributions each year.

13. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description. Pennington County Health Care Trust Plan is a single-employer defined benefit healthcare plan administered by the County. The Pennington County Health Care Trust Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by SDCL 6-1-16. Benefit provisions were established and may be amended by the Pennington County Health Care Trust Board and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the Pennington County Health Care Trust Board and the governing board. A benefited employee, who retires from the County on or after the age of 50 and with at least 10 years of consecutive service with the County, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 60% of the full active premium rates for either single, employee +1, or family coverage. (pay-as-you-go basis).

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

Annual Required Contribution (ARC)	$ 357,114.00
Interest on net OPEB obligation	67,668.00
Adjustment to annual required contribution	(92,316.00)
Annual OPEB Cost	332,466.00
Contributions made	(63,800.25)
Increase (Decrease) in net OPEB obligation	268,665.75
Net OPEB obligation – beginning of year	1,723,905.00
Net OPEB obligation – end of year	$ 1,992,570.75

The County's annual OPEB cost data and net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	$ 332,466.00	19.19%	$ 1,992,570.75
12/31/13	$ 332,466.00	33.78%	$ 1,723,905.00
12/31/12	$ 422,363.00	(1.50%)	$ 1,503,025.00

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan's statistics were as follows:

Actuarial Accrued Liability	$ 3,506,507.00
Actuarial Value of Benefit Assets	0.00
Unfunded Actuarial Accrued Liability	$ 3,506,507.00
Funded Ratio	0%
Covered Payroll	$ 27,002,855.00
Unfunded Actuarial Accrued Liability as a Percentage of Covered payroll	13.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5% rate of return and an annual healthcare cost trend rate of 5.0 for all years. Both rates include a 3.0 percent inflation assumption. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

14. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2014, the County was involved in several lawsuits. No determination can be made at this time regarding the potential outcome of these lawsuits. However, as discussed in the Risk Management note, the County has liability coverage for itself and its employees with South Dakota Public Assurance Alliance. Therefore, no material effects are anticipated to the County as a result of the potential outcome of these lawsuits.

15. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2014, the County managed its risks as follows:

Employee Health Insurance:

The County purchases life and dental insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

The County has established a group health self-insurance fund to pay for medical claims of County employees and their covered dependents. Payments to the fund are determined by the Health Care Trust Board, as needed, and are to cover individual claims up to $60,000 and any administrative costs relative to the processing of claims. Medical claims exceeding $60,000 are covered through private re-insurance carriers. At year end an estimated liability for claims incurred but not paid is accrued based upon the past experience of the plan. At December 31, 2014, the County had Net Position in the amount of $797,288.08.

Liability Insurance:

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The County pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Law Enforcement Liability, Officials Liability, and Automobile damage.

The agreement with the SDPAA provides that the above coverages will be provided to a $5,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $250,000 for property coverage and $500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of County's First Full Year	50%
End of County's Second Full Year	60%
End of County's Third Full Year	70%
End of County's Fourth Full Year	80%

End of County's Fifth Full Year	90%
End of County's Sixth Full Year and Thereafter	100%

As of December 31, 2014, the County has vested balance in the cumulative reserve fund of $521,482.22.

The County carries a $500 deductible for the automobile comprehensive and collision coverage, $4,000 deductible for law enforcement liability coverage, $2,500 deductible for general liability coverage, and $2,500 (other than employment related claims) and $5,000 (employment related claims) deductible for the officials liability coverage.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of $2,000,000 per incident.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The County provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 30,351,647.87	$ 30,351,647.87	$ 30,255,941.48	$ (95,706.39)
General Property Taxes--Delinquent	275,000.00	275,000.00	179,543.38	(95,456.62)
Penalties and Interest	78,000.00	78,000.00	71,826.08	(6,173.92)
Telephone Tax (Outside)	3,800.00	3,800.00	5,332.89	1,532.89
Mobile Home Tax	63,000.00	63,000.00	73,753.94	10,753.94
Tax Deed Revenue	0.00	0.00	80,053.23	80,053.23
Other Taxes	0.00	0.00	373,534.09	373,534.09
Licenses and Permits	263,750.00	263,750.00	178,750.00	(85,000.00)
Intergovernmental Revenue				
Federal Grants	974,268.00	992,613.00	829,795.98	(162,817.02)
Federal Shared Revenue	0.00	213,471.00	213,470.82	(0.18)
Federal Payments in Lieu of Taxes	1,000,000.00	1,000,000.00	1,495,299.00	495,299.00
State Grants	6,300.00	274,300.00	267,825.14	(6,474.86)
State Shared Revenue:				
Bank Franchise	300,000.00	300,000.00	353,418.70	53,418.70
Liquor Tax Reversion	775.00	775.00	890.93	115.93
Court Appointed Attorney/Public Defender	120,000.00	120,000.00	123,961.57	3,961.57
Abused and Neglected Child Defense	15,000.00	15,000.00	12,546.96	(2,453.04)
Telecommunications Gross Receipts Tax	625,000.00	625,000.00	547,253.54	(77,746.46)
Motor Vehicle 1/4%	15,000.00	15,000.00	25,916.84	10,916.84
Other Payments in Lieu of Taxes	10,000.00	10,000.00	16,651.90	6,651.90
Other Intergovernmental Revenue	242,213.00	242,213.00	168,288.03	(73,924.97)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	155,500.00	155,500.00	249,934.86	94,434.86
Register of Deeds' Fees	1,163,000.00	1,163,000.00	1,186,451.56	23,451.56
Legal Services	24,500.00	24,500.00	99,435.91	74,935.91
Clerk of Courts Fees	162,800.00	162,800.00	136,367.23	(26,432.77)
Other Fees	466,055.00	466,055.00	672,815.82	206,760.82
Public Safety:				
Law Enforcement	844,478.00	844,478.00	846,562.58	2,084.58
Prisoner Care	6,970,022.00	6,970,022.00	6,297,726.63	(672,295.37)
Other	3,339,326.00	3,339,326.00	2,938,182.68	(401,143.32)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	204,813.00	204,813.00	269,314.72	64,501.72
Veterans Service Officer	4,687.00	4,687.00	4,687.50	0.50
Mental Health Services	90,000.00	90,000.00	80,832.58	(9,167.42)
Urban and Economic Development	70,500.00	70,500.00	60,904.00	(9,596.00)
Conservation of Natural Resources	87,000.00	102,000.00	150,134.06	48,134.06
Other Charges	33,950.00	33,950.00	27,000.46	(6,949.54)
Fines and Forfeits:				
Fines	1,500.00	1,500.00	5,740.00	4,240.00
Costs	20,000.00	20,000.00	5,663.51	(14,336.49)
Forfeits	0.00	0.00	25.00	25.00

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Miscellaneous Revenue:				
Investment Earnings	125,000.00	125,000.00	10,304.40	(114,695.60)
Rent	0.00	0.00	1,800.00	1,800.00
Special Assessments	0.00	0.00	7,539.95	7,539.95
Contributions and Donations	118,150.00	118,150.00	67,835.00	(50,315.00)
Refund of Prior Year's Expenditures	0.00	0.00	18,742.21	18,742.21
Other	25,000.00	25,000.00	10,463.09	(14,536.91)
Total Revenues	48,250,034.87	48,764,850.87	48,422,518.25	(342,332.62)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	1,044,519.00	1,044,519.00	976,298.10	68,220.90
Contingency	100,000.00	100,000.00		
Amount Transferred		0.00		100,000.00
Elections	431,261.00	644,732.00	641,131.13	3,600.87
Judicial System	349,363.00	349,363.00	276,158.05	73,204.95
Financial Administration:				
Auditor	478,344.00	478,344.00	466,706.54	11,637.46
Treasurer	957,384.00	957,384.00	923,856.70	33,527.30
Information and Technology Services	969,293.00	969,293.00	877,554.12	91,738.88
Legal Services:				
State's Attorney	2,559,334.00	2,559,334.00	2,432,280.57	127,053.43
Public Defender	2,028,587.00	2,028,587.00	1,956,154.95	72,432.05
Court Appointed Attorney	336,183.00	682,271.00	625,629.43	56,641.57
Abused and Neglected Child Defense	224,672.00	224,672.00	202,978.81	21,693.19
Other	658,054.00	658,054.00	616,489.84	41,564.16
Other Administration:				
General Government Building	3,605,903.00	3,605,903.00	3,597,795.76	8,107.24
Director of Equalization	1,427,100.00	1,427,100.00	1,387,930.64	39,169.36
Register of Deeds	464,112.00	464,112.00	427,264.11	36,847.89
Predatory Animal	3,339.00	3,339.00	3,338.84	0.16
Geographic Information System	100,000.00	100,000.00	100,000.00	0.00
Public Safety:				
Law Enforcement:				
Sheriff	7,487,766.00	7,487,766.00	7,277,683.80	210,082.20
County Jail	10,221,611.00	10,912,611.00	10,848,580.73	64,030.27
Coroner	138,544.00	138,544.00	138,457.15	86.85
County-Wide Law Enforcement	954,178.00	954,178.00	947,376.42	6,801.58
Juvenile Detention	5,174,733.00	5,374,733.00	3,946,852.36	1,427,880.64
Other Law Enforcement	3,703,372.00	3,743,372.00	3,477,357.49	266,014.51
Protective and Emergency Services:				
Emergency and Disaster Services	129,700.00	129,700.00	79,179.67	50,520.33
Flood Control	38,300.00	38,300.00	38,300.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	1,899,775.00	2,023,932.61	1,526,638.04	497,294.57

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2014
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Health Assistance:				
Health Services	193,348.00	193,348.00	193,348.00	0.00
Mental Health Services:				
Mentally Ill	979,566.00	979,566.00	587,642.71	391,923.29
Culture and Recreation:				
Recreation:				
Senior Center	19,446.00	19,446.00	19,446.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	76,590.00	76,590.00	65,590.26	10,999.74
Soil Conservation Districts	62,721.00	62,721.00	62,721.00	0.00
Weed and Pest Control	280,232.00	295,232.00	294,544.35	687.65
Grasshopper and Pest Control	120,697.00	558,255.75	377,845.31	180,410.44
Water Conservation:				
Drainage Commissions	80,000.00	80,000.00	0.00	80,000.00
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	388,255.00	405,755.00	374,850.52	30,904.48
Other	447,490.00	447,490.00	301,659.27	145,830.73
Economic Development:				
Tourism, Industrial or Recreational Development	10,000.00	10,000.00	10,000.00	0.00
Other	25,000.00	25,000.00	25,000.00	0.00
Debt Service	717,115.00	717,115.00	740,997.94	(23,882.94)
Total Expenditures	48,885,887.00	50,970,662.36	46,845,638.61	4,125,023.75
Excess of Revenues Over (Under) Expenditures	(635,852.13)	(2,205,811.49)	1,576,879.64	3,782,691.13
Other Financing Sources (Uses):				
Transfers In	80,000.00	80,000.00	89,260.69	9,260.69
Transfers Out	(2,900,527.00)	(2,900,527.00)	(2,722,780.00)	177,747.00
Total Other Financing Sources (Uses)	(2,820,527.00)	(2,820,527.00)	(2,633,519.31)	187,007.69
Net Change in Fund Balance	(3,456,379.13)	(5,026,338.49)	(1,056,639.67)	3,969,698.82
Fund Balance - Beginning	15,516,038.88	15,516,038.88	15,516,038.88	0.00
FUND BALANCE - ENDING	$ 12,059,659.75	$ 10,489,700.39	$ 14,459,399.21	$ 3,969,698.82

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 1,651,356.43	$ 1,651,356.43	$ 1,636,552.07	$ (14,804.36)
General Property Taxes--Delinquent	25,000.00	25,000.00	19,229.96	(5,770.04)
Penalties and Interest	6,600.00	6,600.00	6,262.55	(337.45)
Mobile Home Tax	6,600.00	6,600.00	7,422.20	822.20
Tax Deed Revenue	0.00	0.00	10,083.49	10,083.49
Other Taxes	0.00	0.00	813.54	813.54
Licenses and Permits	1,000.00	1,000.00	147,773.10	146,773.10
Intergovernmental Revenue:				
Federal Grants	0.00	0.00	37,305.35	37,305.35
Federal Shared Revenue	10,000.00	10,000.00	247,824.25	237,824.25
State Shared Revenue:				
Motor Vehicle Licenses	4,948,000.00	4,948,000.00	5,022,662.11	74,662.11
State Highway Fund (former 10% game)	410,000.00	410,000.00	29,256.47	(380,743.53)
Prorate License Fees	0.00	0.00	305,376.60	305,376.60
63 3/4% Mobile Home/Manufactured Home	57,000.00	57,000.00	61,250.11	4,250.11
Secondary Road Motor Vehicle Remittances	1,026,000.00	1,026,000.00	886,611.43	(139,388.57)
Motor Fuel Tax	45,000.00	45,000.00	43,855.97	(1,144.03)
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	179,500.00	179,500.00	230,575.19	51,075.19
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	8,534.29	8,534.29
Other	600.00	600.00	1,327.84	727.84
Total Revenues	8,366,656.43	8,366,656.43	8,702,716.52	336,060.09
Expenditures:				
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	12,073,734.00	12,073,734.00	10,356,381.93	1,717,352.07
Excess of Revenues Over (Under) Expenditures	(3,707,077.57)	(3,707,077.57)	(1,653,665.41)	2,053,412.16
Other Financing Sources (Uses):				
Transfers In	2,206,755.00	2,206,755.00	2,108,973.00	(97,782.00)
Transfers Out	0.00	0.00	(8,534.29)	(8,534.29)
Insurance Proceeds	0.00	0.00	22,000.00	22,000.00
Total Other Financing Sources (Uses)	2,206,755.00	2,206,755.00	2,122,438.71	(84,316.29)
Net Change in Fund Balance	(1,500,322.57)	(1,500,322.57)	468,773.30	1,969,095.87
Changes in Nonspendable	0.00	0.00	263,354.15	263,354.15
Fund Balance - Beginning	12,552,211.24	12,552,211.24	12,552,211.24	0.00
FUND BALANCE - ENDING	$ 11,051,888.67	$ 11,051,888.67	$ 13,284,338.69	$ 2,232,450.02

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ACCUMULATED BUILDING FUND
For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 3,969,370.07	$ 3,969,370.07	$ 3,956,856.06	$ (12,514.01)
General Property Taxes--Delinquent	29,000.00	29,000.00	21,899.79	(7,100.21)
Penalties and Interest	8,500.00	8,500.00	9,014.64	514.64
Mobile Home Tax	8,000.00	8,000.00	9,586.46	1,586.46
Tax Deed Revenue	0.00	0.00	10,469.31	10,469.31
Other Taxes	0.00	0.00	48,830.48	48,830.48
Intergovernmental Revenue:				
Federal Grants	761,477.00	761,477.00	773,570.70	12,093.70
Other Payments in Lieu of Taxes	1,800.00	1,800.00	2,177.72	377.72
Other Intergovernmental Revenue	0.00	0.00	290,058.47	290,058.47
Miscellaneous Revenue:				
Investment Earnings	13,000.00	13,000.00	5,087.62	(7,912.38)
Total Revenues	4,791,147.07	4,791,147.07	5,127,551.25	336,404.18
Expenditures:				
General Government:				
Other Administration:				
General Government Building	300,000.00	300,000.00	287,029.94	12,970.06
Debt Service	4,261,655.00	7,730,965.00	4,298,521.02	3,432,443.98
Total Expenditures	4,561,655.00	8,030,965.00	4,585,550.96	3,445,414.04
Excess of Revenues Over (Under) Expenditures	229,492.07	(3,239,817.93)	542,000.29	3,781,818.22
Other Financing Sources (Uses):				
General Long-Term Debt Issued	0.00	0.00	3,460,000.00	3,460,000.00
Payments to Refunded Debt Escrow Agent	0.00	0.00	(3,393,255.12)	(3,393,255.12)
Total Other Financing Sources (Uses)	0.00	0.00	66,744.88	66,744.88
Net Change in Fund Balance	229,492.07	(3,239,817.93)	608,745.17	3,848,563.10
Fund Balance - Beginning	5,174,408.46	5,174,408.46	5,174,408.46	0.00
FUND BALANCE - ENDING	$ 5,403,900.53	$ 1,934,590.53	$ 5,783,153.63	$ 3,848,563.10

PENNINGTON COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting:

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues and expenditures.

2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.

3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.

4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.

5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.

6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.

7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.

9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

10. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with USGAAP.

Note 2. GAAP/Budgetary Accounting Basis Differences:

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new sheriff's patrol car would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a new sheriff's patrol car would be reported as an expenditure of the Public Safety/Law Enforcement function of government, along with all other current Law Enforcement Department related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF FUNDING PROGRESS - HEALTHCARE PLAN
December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
December 31, 2008	$	$ 3,217,353.00	$ 3,217,353.00	0.0%	$ 22,810,526.00	14.1%
December 31, 2010	$	$ 3,683,407.00	$ 3,683,407.00	0.0%	$ 26,192,806.00	14.1%
December 31, 2013	$	$ 3,506,507.00	$ 3,506,507.00	0.0%	$ 27,002,855.00	13.0%

PENNINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2014
US Department of Agriculture:			
Schools and Roads Cluster:			
Direct Federal Funding:			
Schools and Roads - Grants to Counties (Note 2) (Note 3)	10.666		$ 16,842.72
Indirect Federal Funding:			
SD State Auditor,			
Schools and Roads - Grants to States (Note 2) (Note 3)	10.665		461,963.06
Total for Schools and Roads Cluster			478,805.78
Child Nutrition Cluster:			
Indirect Federal Funding:			
SD Department of Education,			
School Breakfast Program (Note 2)	10.553		24,840.37
National School Lunch Program (Note 2)	10.555		49,478.72
Total for Child Nutrition Cluster			74,319.09
Other Programs:			
Indirect Federal Funding:			
SD Department of Agriculture,			
Cooperative Forestry Assistance	10.664		3,442.45
Total US Department of Agriculture			556,567.32
US Department of Housing and Urban Development:			
CDBG - Entitlement Grants Cluster:			
Indirect Federal Funding:			
City of Rapid City,			
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253		18,345.00
US Department of Interior:			
Direct Federal Funding:			
Bureau of Land Management,			
Payment in Lieu of Taxes (97-258) (Note 2) (Note 3)	15.226		1,495,299.00
US Department of Justice:			
Direct Federal Funding:			
Bureau of Justice Assistance,			
Bulletproof Vest Partnership Program	16.607		5,768.00
Office of Community Oriented Policing Services,			
Public Safety Partnership and Community Policing Grants	16.710		60,352.32
Indirect Federal Funding:			
SD Department of Corrections,			
Juvenile Accountability Block Grants	16.523		60,079.30
Juvenile Justice and Delinquency Prevention-- Allocation to States	16.540		21,964.90
SD Department of Social Services,			
Crime Victim Assistance	16.575		41,468.00
Violence Against Women Formula Grants	16.588		101,453.98
Total US Department of Justice			291,086.50
US Department of Transportation:			
Highway Safety Cluster:			
Indirect Federal Funding:			
SD Department of Public Safety,			
State and Community Highway Safety	20.600		6,854.00
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		1,302.41
Total for Highway Safety Cluster			8,156.41
Other Programs:			
Indirect Federal Funding:			
SD Department of Public Safety,			
Minimum Penalties for Repeat Offenders For Driving While Intoxicated	20.608		117,690.84
SD Teen Court Association,			
Minimum Penalties for Repeat Offenders For Driving While Intoxicated	20.608		18,635.71
Total Other Programs			136,326.55
Total US Department of Transportation			144,482.96

PENNINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2014
US General Services Administration:			
Indirect Federal Funding:			
SD Federal Property Agency,			
Donation of Federal Surplus Personal Property (Note 4)	39.003		6,780.71
US Environmental Protection Agency:			
Indirect Federal Funding:			
SD Department of Environment and Natural Resources,			
Nonpoint Source Implementation Grants	66.460		108,776.96
US Elections Assistance Commission:			
Indirect Federal Funding:			
SD Secretary of State,			
Help America Vote Act Requirements Payments (Note 3)	90.401		213,470.82
US Department of Health and Human Services:			
Indirect Federal Funding:			
SD Department of Health,			
Public Health Emergency Preparedness	93.069		3,620.63
SD Department of Social Services,			
Promoting Safe and Stable Families	93.556		27,311.25
Total US Department of Health and Human Services			30,931.88
US Executive Office of the President:			
Indirect Federal Funding:			
SD Attorney General,			
High Intensity Drug Trafficking Areas Program	95.001		113,262.36
US Department of Homeland Security:			
Indirect Federal Funding:			
SD Department of Public Safety,			
Office of Emergency Management,			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		25,748.76
Emergency Management Performance Grants	97.042		159,591.06
Homeland Security Grant Program	97.067		97,608.71
Total US Department of Homeland Security			282,948.53
GRAND TOTAL (Note 5)			$ 3,261,952.04

Note 1: This accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 3: This represents a Major Federal Financial Assistance Program.

Note 4: The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the County.

Note 5: The amount only includes the federal expenditures of Pennington County, the primary government, and does not include the federal expenditures of Pennington County Housing and Redevelopment Commission, a discretely presented component unit of Pennington County.

APPENDIX D –
CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of February 1, 2016 (this "Agreement"), between PENNINGTON COUNTY, SOUTH DAKOTA, a political subdivision organized and existing under the Constitution and laws of the State of South Dakota (together with any successor to its functions hereunder, the "Issuer"); and U.S. BANK NATIONAL ASSOCIATION, in St. Paul, Minnesota, a national banking association (the "Agent").

WITNESSETH:

WHEREAS, simultaneously with the execution and delivery of this Agreement, the Issuer is issuing its $9,645,000 Certificates of Participation (Limited Tax General Obligation), Series 2016A, (the "Certificates") dated as of October 1, 2015 pursuant to a Declaration of Trust Agreement, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust, dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust, dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust, dated as of October 1, 2015 and the Sixth Supplemental Declaration of Trust, dated as of February 1, 2016 (collectively, the "Trust Agreement"); and

WHEREAS, to provide for the public availability of certain information relating to the Certificates and the security therefor and to permit underwriters of the Certificates to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R.§ 240.15c2-12) (the "Rule"), which will enhance the marketability of the Certificates, the Issuer desires to enter into this Agreement; and

WHEREAS, the Agent is willing to act as the agent of the Issuer for the purposes and on the terms and conditions hereinafter stated.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Definitions and Exhibit. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Indenture, unless the context hereof clearly requires otherwise.

In addition, the following terms, when used herein, have the following respective meanings:

Disclosure Information: the financial information and operating data relating to the Issuer for its fiscal year as specified in Subsection (a) of Section 4 hereof.

"EMMA" means the MSRB's Electronic Municipal Market Access ("EMMA") system, or its successor as designated by the MSRB.

Fiscal Year: the period commencing on the first day of January of any year and ending on the last day of December of that year, or any other twelve-month period, authorized by law and specified by the governing body of the Issuer as the Issuer's fiscal year.

Material: for those events that must be reported if Material, an event is "Material" if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material event is also an event that would be deemed Material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

MSRB: the Municipal Securities Rulemaking Board or any successor to its functions.

Official Statement: the Official Statement, dated February 3, 2016, relating to the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC: the Securities and Exchange Commission or any successor to its functions governing state and municipal securities disclosure.

State: the State of South Dakota.

Section 2. Representations. Each of the parties hereto represents and warrants to each other party that (i) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (ii) it has duly authorized the execution and delivery of this Agreement, (iii) the execution and delivery of this Agreement and performance of the terms hereof by such party do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument to which it is a party or by which it is bound, and (iv) to its best knowledge, no litigation, proceeding or administrative matter is pending to which it is a party, or overtly threatened, contesting or questioning the legal existence of such party, its power and authority to enter into and perform this Agreement or its due authorization, execution and delivery of this Agreement.

The Issuer represents and warrants that it is the only "obligated person" in respect of the Certificates within the meaning of the Rule.

Section 3. Appointment of Agent as Agent. The Issuer hereby appoints the Agent as its agent for the purpose of disclosing the information described in this Agreement in the manner set forth herein.

The Agent hereby accepts such appointment, subject to the terms and conditions of this Agreement. The Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Agent. In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates furnished to the Agent and conforming to the requirements of this Agreement. The Agent shall have no obligation to disclose information about the Certificates except as expressly provided herein. The fact that the Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer, apart from the relationship created by the Rule, shall not be construed to mean that the Agent has actual knowledge of any event or condition except as may be provided by written notice from the Issuer.

Section 4. Annual Financial Information and Reports of the Issuer. The Issuer shall cause the Disclosure Information, audited financial statements and notice of certain events to be prepared and delivered to the Agent as hereinafter provided:

(a) On or before 365 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2015 (each a "Submission Date"), the following financial information and operating data in respect of the Issuer (the "Disclosure Information"):

(1) the audited financial statements of the Issuer for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of South Dakota, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the Issuer, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under South Dakota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the

reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and

(2) to the extent not included in the financial statements referred to in paragraph (1) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings Appendix B Employer & Pension Plans, Valuations, Historical full & true value and taxable values including tax increment values – 5 year History, County Consolidated Tax Dollars Levied 5 year History, Largest Taxpayers: 2015 pay 2016 tax year, Property Taxes, Mill Rates or Dollars per Thousand of Value, Tax Collections – County General, Indirect Debt – General Obligation, Debt Limit, Debt Ratios, Pennington County Revenues – 5 year History, Pennington County Expenditures 5 year History, and Year End Fund Balances;

(3) a certificate of the County Auditor of the Issuer stating in effect that such information is the Disclosure Information required to be submitted under this subsection (a).

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the Issuer shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the MSRB. The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other Issuer operations in respect of which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be a Material Fact, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph then the Issuer shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided..

(b) The Issuer shall also provide or cause to be provided to the MSRB notice in a timely manner not in excess of ten (10) business days of the occurrence of any of the following events or conditions of which any member of its governing body, the chief administrative officer, the recording officer or the fiscal officer of the Issuer has actual knowledge, information about which is not otherwise generally available to the public and which is Material:

(A) Principal and interest payment delinquencies;

(B) Non-payment related defaults, if Material;

(C) Unscheduled draws on debt service reserves reflecting financial difficulties;

(D) Unscheduled draws on credit enhancements reflecting financial difficulties;

(E) Substitution of credit or liquidity providers, or their failure to perform;

(F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other Material notices or determinations with respect to the tax status of the Certificates, or other Material events affecting the tax status of the Certificates:

(G) Modifications to rights of security holders, if Material;

(H) Bond calls, if Material, and tender offers;

(I) Defeasances;

(J) Release, substitution, or sale of property securing repayment of the securities, if Material;

(K) Rating changes;

(L) Bankruptcy, insolvency, receivership or a similar event with respect to the obligated person;

(M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if Material; and

(N) Appointment of a successor or additional trustee or the change of name of a trustee, if Material.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The Issuer shall report such events to the Agent for further reporting to EMMA in accordance with Section 5 hereof. To the extent any event requires a materiality determination, such determination shall be made by the Issuer.

Section 5. Disclosure to Public. The Agent is authorized and directed to make available to the MSRB, in a word searchable portable document format (PDF) as required by the Rule, or other applicable document or agreement, accompanied by identifying information as prescribed by the MSRB (a description of such format and information is included in Exhibit A hereto:

(a) the information described in Sections 4(a) and (b) hereof, together with identifying information as prescribed by the MSRB from time to time with all documents provided to the MSRB under Section 4;

(b) notification of the failure of the Issuer to provide Disclosure Information required to be provided to the Agent hereunder, after notice and the cure period provided in Section 8 hereof;

(c) any amendment of or supplement to this Agreement entered into in accordance with Section 11 hereof.

Section 6. Disclosure to Holders. The Agent is further authorized and directed to forward, at the expense of such Holder, to any Holder who requests in writing such information, the information described in Sections 4(a) and (b), hereof, at the time of such transmission under Section 5 hereof, or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

Section 7. Costs, Expenses and Indemnification of Agent. The Issuer hereby agrees to pay reasonable compensation of the Agent for, and all costs and expenses of the Agent incurred in, performing the services required of it under this Agreement. In addition to any and all rights of the Agent to reimbursement or indemnification or other rights at law or in equity, the Issuer hereby agrees to indemnify and hold harmless the Agent and its officers, directors and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including reasonable attorneys' fees and expenses) which such indemnified party may incur by reason of or in connection with the Agent's disclosure of information pursuant to this Agreement; provided that the Issuer shall not be required to indemnify the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Agent in such disclosure of information hereunder. The Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders or any other party.

The provisions contained in this Section 7 shall survive termination of the other provisions of this Agreement, the Indenture, the Resolution or the resignation or removal of the Agent.

Section 8. Defaults and Remedies. Failure of the Issuer or the Agent to comply with any provisions of this Agreement on its part to be observed shall constitute a default hereunder and any party hereto aggrieved thereby, including the holders of any Outstanding Certificates as third-party beneficiaries hereof, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained herein. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder and are hereby waived to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Agreement constitute a default under the Certificates, the Indenture or the Resolution.

In addition to the foregoing remedies, in the event the Issuer breaches its covenant to provide the Disclosure Information to the Agent under Section 4 hereof by the Submission Date, and such breach continues for a period of thirty (30) days after there has been given, by certified mail, to the Issuer by the Agent, or to the Issuer and the Agent by any holder of an Outstanding Bond, a written notice stating that it is a "Notice of Default" hereunder specifying such breach and requiring it to be remedied, then the Agent shall promptly make available to the MSRB notice of the failure of the Issuer to provide such information.

Section 9. Binding Effect; Holders as Third-Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the Holders from time to time of the Outstanding Certificates. Said third-party beneficiaries shall be entitled to enforce performance and observance by the parties of the respective agreements and covenants herein contained as fully and completely as if said third-party beneficiaries were parties hereto; provided that this Agreement (other than this Section 9) may be amended or supplemented from time to time without notice to or the consent of such third-party beneficiaries. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their respective successors and permitted assigns as provided herein, and the Holders of the Outstanding Certificates, any benefit or other legal or equitable right, remedy or claim under this Agreement.

Section 10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 11. Amendments, Changes and Modifications. This Agreement (and the form and requirements of the Disclosure Information) may not be effectively amended or supplemented except in a writing executed by the parties hereto accompanied by an opinion of Bond Counsel to the effect that such amendment or supplement is required by, or better complies with, the provisions of the Rule or other applicable law. This Agreement may be

amended or supplemented from time to time without notice to or the consent of the Holders (except as provided in Section 6 hereof).

Section 12. Resignation or Removal of Agent. The Agent may be removed at any time by the Issuer by a written instrument delivered to the Agent. The Agent may at any time resign and be discharged of the duties and obligations imposed on it hereunder by giving at least 30 days' written notice to the Issuer.

Section 13. Miscellaneous Provisions.

(a) Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(b) Construction. This Agreement is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

(c) Term. This Agreement shall remain in effect so long as any Certificates are Outstanding.

Section 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State.

APPENDIX E –
BOOK ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's book-entry-only system have been obtained from DTC. The County and the Financial Advisor make no representation as to the accuracy of such information.

The Depository Trust Company (DTC"), New York, New York, will act as securities depository for the Series 2016A Certificates. The Series 2016A Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (ETC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016A Certificates certificate will be issued for the Series 2016A Certificates, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2016A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2016A Certificate ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016A Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016A Certificates, except in the event that use of the book-entry-only system for the Series 2016A Certificates is discontinued.

To facilitate subsequent transfers, all Series 2016A Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016A Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2016A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016A Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016A Certificate documents. For example, Beneficial Owners of

Series 2016A Certificates may wish to ascertain that the nominee holding the Series 2016A Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2016A Certificates within a Series maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016A Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2016A Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in the "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, disbursement of such payments to the Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016A Certificates at any time by giving reasonable notice to the County or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE Series 2016A Certificates. THE COUNTY CANNOT AND DOES NOT GIVEN ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE Series 2016A Certificates PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

The Book-Entry Agreement may be terminated by either the County or DTC. In the event of such a termination, if no substitute Securities Depository can be found which is willing and able to undertake such functions upon reasonable and customary terms, the Series 2016A Certificates shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the Series 2016A Certificates shall designate, in accordance with the provisions hereof.

Portions of the foregoing concerning DTC and DTC's Book-Entry System are based on information furnished by DTC to the County. No representation is made herein by the County or the Financial Advisor as to the accuracy or completeness of such information.